
REIMBURSEMENT AGREEMENT

by and between the

COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MONTEBELLO

and the

CITY OF MONTEBELLO

Dated as of September 1, 2000

(MONTEBELLO HILLS REDEVELOPMENT PROJECT)

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of September 1, 2000, by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO (the "Agency") and the CITY OF Montebello (the "City");

WITNESSETH:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with redevelopment activities within the Montebello Hills Redevelopment Project Area (the "Project Area") within the City; and

WHEREAS, the redevelopment plan for the Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California; and

WHEREAS, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Project Area, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to the Project Area; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the obligation of the Agency under such contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for the Project Area, which indebtedness may be made payable out of taxes levied in the Project Area and allocated to the Agency under subdivision (b) of section 33670 of the California Health and Safety Code, or out of any other available funds; and

WHEREAS, the City and the Agency have undertaken the financing of certain projects, more particularly described in Exhibit A attached hereto and incorporated herein (collectively, the "Project") which will be of substantial benefit to the Project Area; and

WHEREAS, the parties hereto in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for repayment by the Agency to the City of a portion of the moneys paid as Lease Payments under and as defined in the Lease Agreement (each as hereinafter defined), entered into between the Montebello Public Improvement Corporation (the "Corporation") and the City providing for, among other things, the lease by the City of certain Leased Premises, as defined therein, from the Corporation, in the amounts specified in Exhibit A attached hereto and incorporated herein;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

"Agency" means the Community Redevelopment Agency of the City of Montebello, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

"Business Day" means any day of the year other than a Saturday, Sunday or a day on which banks are authorized or required to be closed in the city in which the Trustee is located.

"Certificates of Participation" or "Certificates" means the \$22,930,000 aggregate principal amount of Certificates of Participation, Series 2000 (Refunding and Capital Improvement Project) to be executed and delivered pursuant to the Trust Agreement and which evidence a right to receive a fractional share of Lease Payments.

"City" means the City of Montebello, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Corporation" means the Montebello Public Improvement Corporation, a nonprofit, public benefit corporation organized and existing under and by virtue of the Constitution and laws of the State of California.

"Fiscal Year" means each twelve-month period beginning on July 1 of any year and ending on June 30 of the succeeding year, or any other twelve-month period hereafter adopted by the City as its official fiscal year period.

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

"Lease Agreement" means that certain lease entitled "Second Amended and Restated Lease Agreement" by and between the Corporation, as sublessor, and the City, as sublessee, dated as of September 1, 2000.

"Lease Payments" means all amounts paid by the City as lease payments pursuant to Section 4.4 of the Lease Agreement.

"Project Area" means the Montebello Hills Redevelopment Project of the Agency.

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding any amounts required to be paid to other taxing agencies pursuant to

section 33401 of the Law and any amounts required to be used to improve the communities supply of low or moderate income housing pursuant to Section 33334.2 of the Law.

"Trust Agreement" means that certain agreement entitled "Trust Agreement" by and among the City, the Corporation and the Trustee, dated as of September 1, 2000.

"Trustee" means BNY Western Trust Company, its successors and assigns, acting as trustee under the Trust Agreement, or any other entity then performing the function of Trustee under the Trust Agreement.

Section 2. Reimbursement; Other Payments. Subject to pledges of Tax Increment Revenues heretofore or hereafter made by the Agency, the Agency and the City agree that, to the extent necessary but only to the extent available, and not in excess of the amounts specified in Exhibit A attached hereto and incorporated herein, in any Fiscal Year, Tax Increment Revenues shall be used and applied to repay the City for all current or previously unreimbursed Lease Payments made by the City to the Corporation under the Lease Agreement. Any Lease Payments or portions of Lease Payments made from the proceeds of the Certificates shall be deemed to have been made by the City. Each payment due and payable by the Agency to the City pursuant to this Agreement with respect to a current Lease Payment shall be made by the Agency directly to the Trustee not less than one (1) business day prior to the due date of the applicable Lease Payment. Each payment due and payable by the Agency to the City pursuant to this Agreement with respect to previously unreimbursed Lease Payment shall be made to the City when Tax Increment Revenues become available and shall bear interest at the rate of twelve (12) percent per annum from the due date of the applicable Lease Payment. This Reimbursement Agreement may be amended from time to time by the parties hereto for any purpose and with any effect whatsoever.

Section 3. Default by Agency. If the Agency has available Tax Increment Revenues and shall fail to repay the City or shall fail to pay any other payment required to be paid hereunder at the time specified herein, and such failure shall continue for a period of ten (10) days, then the City or, if applicable, any assignee, shall be entitled to exercise any and all remedies available pursuant to law.

Section 4. Remedies Not Exclusive. No remedy herein conferred upon the City shall be exclusive of any other remedy and each and every remedy shall cumulative and shall be in addition to every other remedy given hereunder or hereafter conferred on the City.

Section 5. Prior Agreements Terminated. This Agreement is intended to terminate and supercede that certain Reimbursement Agreement dated as of June 1, 1990 by and between the Agency and the City (the "1990 Reimbursement Agreement"), that certain Reimbursement Agreement dated as of November 1, 1992, by and between the City and the Agency, and that certain Reimbursement Agreement dated as of November 1, 1993, by and between the Agency and the City, all relating to the Project Area. However, the 1990 Reimbursement Agreement amended an Agreement for the Construction of Taylor Ranch Cultural Center, Civic Center Improvements, Fire Training Facilities and Corporate Yard Improvements of benefit to the Montebello Hill Redevelopment Project Area by and between the City of Montebello and the Community Redevelopment Agency of the City of Montebello dated April 23, 1984, as amended by a First Amendment (the "1984 Agreement"), in that the Fire Training Facilities were replaced by the reconstruction of Fire Station No. 2 and that portion of the Civic Center improvements which consist of expansion to the personnel offices. The 1984 Agreement as previously amended, including the amendment made pursuant to the 1990 Reimbursement Agreement, shall remain in full force and effect.

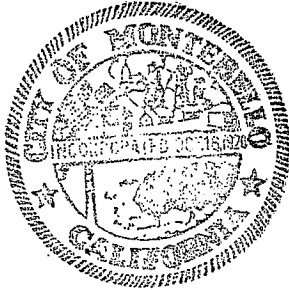
Section 6. City in compliance with Property Lease. The parties hereto acknowledge that a portion of the Leased Premises consisting of certain real property and police facility improvements have been leased to the City by the Agency pursuant to a Property Lease dated as of November 1, 1992, and recorded on November 4, 1992 as Instrument No. 92-2027160 in the official records of the County of Los Angeles (the "Property Lease"). The Agency hereby represents and warrants that said Property Lease is in full force and effect and that the City is in full compliance with the terms of the Property Lease on the date hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

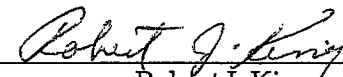
CITY OF MONTEBELLO

By: 
Richard Torres,
City Administrator

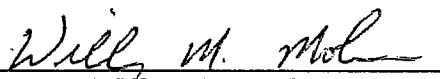
(SEAL)



Attest:


Robert J. King
City Clerk

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
MONTEBELLO

By: 
William M. Molinari,
Chairman

(SEAL)

Attest:


Linda Payan
Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Amounts Attributable to Montebello Hills Redevelopment Project

1) <u>Fire Station No. 2</u>	(a) Total principal cost	\$1,500,000
	(b) Total percentage attributable to Project Area	25%
	(c) Applicable Annual Interest Rate	12%
2) <u>City Hall Expansion</u>	(a) Total principal cost	\$310,000
	(b) Total percentage attributable to Project Area	50%
	(c) Applicable Annual Interest Rate	12%
3) <u>Police Facility Expansion</u>	(a) Total principal cost	\$13,295,000
	(b) Total percentage attributable to Project Area	100%
	(c) Applicable Annual Interest Rate	12%

REIMBURSEMENT AGREEMENT

by and between the

**COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF MONTEBELLO**

and the

CITY OF MONTEBELLO

Dated as of September 1, 2000

(SOUTH MONTEBELLO INDUSTRIAL REDEVELOPMENT PROJECT)

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of September 1, 2000, by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO (the "Agency") and the CITY OF Montebello (the "City");

WITNESSETH:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with redevelopment activities within the South Montebello Industrial Redevelopment Project Area (the "Project Area") within the City; and

WHEREAS, the redevelopment plan for the Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California; and

WHEREAS, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Project Area, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to the Project Area; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the obligation of the Agency under such contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for the Project Area, which indebtedness may be made payable out of taxes levied in the Project Area and allocated to the Agency under subdivision (b) of section 33670 of the California Health and Safety Code, or out of any other available funds; and

WHEREAS, the City and the Agency have undertaken the financing of certain projects, more particularly described in Exhibit A attached hereto and incorporated herein (collectively, the "Project") which will be of substantial benefit to the Project Area; and

WHEREAS, the parties hereto in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for repayment by the Agency to the City of a portion of the moneys paid as Lease Payments under and as defined in the Lease Agreement (each as hereinafter defined), entered into between the Montebello Public Improvement Corporation (the "Corporation") and the City providing for, among other things, the lease by the City of certain Leased Premises as defined therein, from the Corporation, in the amounts specified in Exhibit A attached hereto and incorporated herein;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

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"Business Day" means any day of the year other than a Saturday, Sunday or a day on which banks are authorized or required to be closed in the city in which the Trustee is located.

"Certificates of Participation" or "Certificates" means the \$22,930,000 aggregate principal amount of Certificates of Participation, Series 2000 (Refunding and Capital Improvement Project) to be executed and delivered pursuant to the Trust Agreement and which evidence a right to receive a fractional share of Lease Payments.

"City" means the City of Montebello, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Corporation" means the Montebello Public Improvement Corporation, a nonprofit, public benefit corporation organized and existing under and by virtue of the Constitution and laws of the State of California.

"Fiscal Year" means each twelve-month period beginning on July 1 of any year and ending on June 30 of the succeeding year, or any other twelve-month period hereafter adopted by the City as its official fiscal year period.

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"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate

limitations, but excluding any amounts required to be paid to other taxing agencies pursuant to section 33401 of the Law and any amounts required to be used to improve the communities supply of low or moderate income housing pursuant to Section 33334.2 of the Law.

"Trust Agreement" means that certain agreement entitled "Trust Agreement" by and among the City, the Corporation and the Trustee, dated as of September 1, 2000.

"Trustee" means BNY Western Trust Company, its successors and assigns, acting as trustee under the Trust Agreement, or any other entity then performing the function of Trustee under the Trust Agreement.

Section 2. Reimbursement; Other Payments. Subject to pledges of Tax Increment Revenues heretofore or hereafter made by the Agency, the Agency and the City agree that, to the extent necessary but only to the extent available, and not in excess of the amounts specified in Exhibit A attached hereto and incorporated herein, in any Fiscal Year, Tax Increment Revenues shall be used and applied to repay the City for all current or previously unreimbursed Lease Payments made by the City to the Corporation under the Lease Agreement. Any Lease Payments or portions of Lease Payments made from the proceeds of the Certificates shall be deemed to have been made by the City. Each payment due and payable by the Agency to the City pursuant to this Agreement with respect to a current Lease Payment shall be made by the Agency directly to the Trustee not less than one (1) business day prior to the due date of the applicable Lease Payment. Each payment due and payable by the Agency to the City pursuant to this Agreement with respect to previously unreimbursed Lease Payment shall be made to the City when Tax Increment Revenues become available and shall bear interest at the rate of twelve (12) percent per annum from the due date of the applicable Lease Payment. This Reimbursement Agreement may be amended from time to time by the parties hereto for any purpose and with any effect whatsoever.

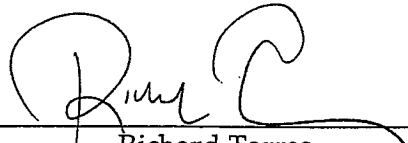
Section 3. Default by Agency. If the Agency has available Tax Increment Revenues and shall fail to repay the City or shall fail to pay any other payment required to be paid hereunder at the time specified herein, and such failure shall continue for a period of ten (10) days, then the City or, if applicable, any assignee, shall be entitled to exercise any and all remedies available pursuant to law.

Section 4. Remedies Not Exclusive. No remedy herein conferred upon the City shall be exclusive of any other remedy and each and every remedy shall cumulative and shall be in addition to every other remedy given hereunder or hereafter conferred on the City.

Section 5. Prior Agreement Terminated. This Agreement is intended to terminate and supercede that Reimbursement Agreement dated as of November 1, 1993 by and between the Agency and the City relating to the Project Area.

IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

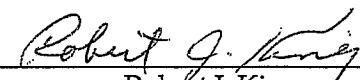
CITY OF MONTEBELLO

By: 
Richard Torres,
City Administrator

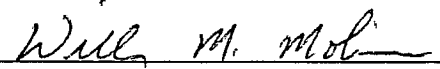


(SEAL)

Attest:


Robert J. King,
City Clerk

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY
OF MONTEBELLO

By: 
William M. Molinari,
Chairman

(SEAL)

Attest:


Linda Payan,
Secretary

exhibit A
Pgs 1 -

PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT

Dated May 11 2011

By and between

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO,

and

CITY OF MONTEBELLO

PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT

This PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT dated May 11 2011 (this "Agreement"), is made by and between the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO (the "Agency") and the CITY OF MONTEBELLO (the "City").

RECITALS

WHEREAS, the Agency and the City have entered into a Reimbursement Agreement, dated as of September 1, 2000, relating to the South Montebello Industrial Redevelopment Project, and a Reimbursement Agreement, dated as of September 1, 2000, relating to the Montebello Hills Redevelopment Project (collectively, the "Reimbursement Agreements");

WHEREAS, on October 27, 2000, the City caused the execution and delivery of \$22,930 000 Certificates of Participation, Series 2000 (Refunding and Capital Improvement Project) (the "Certificates"), evidencing direct, undivided fractional interests of Owners thereof in Lease Payments to be made by the City as rental for certain property pursuant to a Second Amended and Restated Lease Agreement, dated as of September 1, 2000 (the "Lease Agreement"), between the Montebello Public Improvement Corporation, as Lessor, and the City as Lessee, to finance the City Hall, Police Facility and Fire Station No 2 projects;

WHEREAS, the City issued a tax and revenue anticipation note ("TRAN") in the amount of \$19,300 000 pursuant to an Amended and Restated Loan Agreement, dated September 22, 2010 between the Agency and the City and such TRAN was purchased by the Agency as an investment, and

WHEREAS, the Agency desires to prepay a portion of its obligations under the Reimbursement Agreements in the aggregate amount of \$17,462,276, which is equal to the amortization of the Lease Payments to be made by the City in connection with the Certificates for the period November 1, 2014 through November 1, 2026, to provide a credit to the City in partial satisfaction of the obligation of the City to pay the TRAN,

NOW, THEREFORE, in consideration of the premises herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

PREPAYMENT AND PARTIAL SATISFACTION

SECTION 1.01 Prepayment and Partial Satisfaction. The Agency hereby prepays a portion of its obligations to the City under the Reimbursement Agreements in the aggregate amount of \$17,462,276 in partial satisfaction of the obligations of the Agency under the Reimbursement Agreements, by crediting the City for an equal dollar amount of the repayment of the TRAN. The amount of \$17,462,276 is equal to the amortization of the Lease Payments to be made by the City in connection with the Certificates for the period November 1, 2014 through November 1, 2026, at a discount equal to 67% of the Internal Revenue Service Applicable Federal Rate (which on the date hereof is 4.19%). The City hereby accepts such prepayment as a credit in the discounted amount of \$13,487,438.08, and the parties hereto agree that on the date hereof such amount shall constitute a credit towards the obligation of the City to repay the TRAN.

ARTICLE II.

MISCELLANEOUS

SECTION 2.01 Binding Effect. This Agreement shall become effective when it shall have been executed by the Agency and the City and thereafter shall be binding upon and inure to the benefit of the Agency and the City and their respective successors and assigns.

SECTION 2.02. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

SECTION 2.03 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

SECTION 2.04 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 2.05 Execution in Counterparts. It shall not be necessary that all parties execute and deliver the same counterpart of this Agreement. This Agreement shall therefore become effective when each party has executed any counterpart hereof and delivered the same to the other parties. All such counterparts, collectively, shall be deemed a single Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.



(Seal)

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO

By

Chairman

Attest:

Secretary

Approved as to form.

Agency Counsel

CITY OF MONTEBELLO

By

Mayor

Attest:

City Clerk

Approved as to form.

City Attorney

May 11, 2011

City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640

Community Redevelopment Agency
of the City of Montebello
1600 West Beverly Boulevard
Montebello, California 90640

Re: Prepayment and Partial Satisfaction Agreement

Ladies and Gentlemen.

We have acted as special counsel to the City of Montebello (the "City") and the Community Redevelopment Agency of the City of Montebello (the "Agency") in connection with the Prepayment and Partial Satisfaction Agreement, dated May 11, 2011 (the "Prepayment Agreement"), by and between the Agency and the City. We have examined an executed copy of the Prepayment Agreement. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the Prepayment Agreement. The opinion expressed herein is limited to the laws of the State of California.

Based upon and subject to the foregoing and on our review of such law as we have deemed necessary or appropriate for the purpose of rendering the opinions expressed herein, subject to the qualifications and exceptions set forth herein, we are of the opinion that:

1. Under existing law, the City and the Agency have all the necessary power and authority to enter into the Prepayment Agreement.

2. The Prepayment Agreement has been duly approved, executed and delivered by the City and the Agency and constitutes the legal, valid and binding obligation of the City and the Agency enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, arrangement, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California.

City of Montebello
Community Redevelopment Agency of the City of Montebello
May 11 2011
Page 2

We are furnishing this letter for the benefit of the addressees hereof, and this letter is not to be used, circulated, quoted or otherwise referred to or relied on for any other purpose without our consent. We have not been engaged, nor have we undertaken, to advise any party or to opine as to any matter not specifically covered hereinabove. Our opinions are based on existing law which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Respectfully submitted,

Fulbright & Jaworski L.L.P.

CRA RESOLUTION NO. 11-05

A RESOLUTION AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT BY AND BETWEEN THE CITY OF MONTEBELLO AND COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO TO PREPAY AND SATISFY IN PART OUTSTANDING OBLIGATIONS TO THE CITY OF MONTEBELLO PURSUANT TO THE SEPTEMBER 1, 2000 REIMBURSEMENT AGREEMENT RELATING TO THE MONTEBELLO HILLS REDEVELOPMENT PROJECT AND TO THE SEPTEMBER 1, 2000 REIMBURSEMENT AGREEMENT RELATING TO THE SOUTH MONTEBELLO INDUSTRIAL REDEVELOPMENT PROJECT; AND THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Community Redevelopment Agency of the City of Montebello (the "Agency") is a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory and supplemental thereto); and

WHEREAS, the Agency and the City of Montebello (the "City") have executed and delivered the Reimbursement Agreement, dated as of September 1, 2000, relating to the South Montebello Industrial Redevelopment Project, and the Reimbursement Agreement, dated as of September 1, 2000, relating to the Montebello Hills Redevelopment Project (collectively, the "Reimbursement Agreements"); and

WHEREAS, the City has requested and the Agency has determined that it is desirable to prepay and satisfy in part the obligations of the Agency to the City under the Reimbursement Agreements pursuant to a Prepayment and Partial Satisfaction Agreement in substantially the form attached hereto as Exhibit A, and

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS.

Section 1. The Agency hereby approves the form of the Prepayment and Partial Satisfaction Agreement, substantially in the form attached hereto as Exhibit A and on file with the Secretary of the Agency, with such revisions, amendments and completions as shall be approved by the Chairman, any Board Member, the Executive Director or the Deputy Treasurer of the Agency, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of counsel to the Agency, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer

Section 2. Any one of the Authorized Officers and the Agency's counsel, and each of them, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all additional documents, agreements and certificates which they deem necessary or advisable to consummate the transactions contemplated hereby. All actions heretofore taken by any Authorized Officer or any other officer or agent of the Agency in connection with or related to the Prepayment and Partial Satisfaction Agreement are hereby approved, confirmed and ratified in all respects.

Section 3. The Secretary shall certify to the adoption of this Resolution, which shall be in full force and effect immediately upon its adoption. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this Resolution may be performed by an assistant Secretary or an interim Secretary with the same force and effect as if performed by the Secretary hereunder

Passed, approved and adopted this 11th day of May 2011

Art Barajas, Chairman

ATTEST

Robert J King, Secretary

APPROVED AS TO FORM AND CONTENT

Arnold Alvarez – Glasman, Agency Counsel

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)ss.
CITY OF MONTEBELLO)

I, ROBERT J KING, Secretary of the Community Redevelopment Agency of the City of Montebello, do hereby certify that the foregoing CRA Resolution No. 11-05 was duly and regularly approved and adopted by the Community Redevelopment Agency of the City of Montebello at their regular meeting held on the 11th day of May 2011, as approved by law by the following vote:

AYES Members: Perez, Molinari, Gomez, Barajas

NOES Members: Cortez

ABSTAIN. Members:

ABSENT Members:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the 11th day of May 2011

Robert J King, Secretary

(resoatst)

RESOLUTION NO. 11-29

A RESOLUTION AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A PREPAYMENT AND PARTIAL SATISFACTION AGREEMENT BY AND BETWEEN THE CITY OF MONTEBELLO AND COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO TO PREPAY AND SATISFY IN PART OUTSTANDING OBLIGATIONS TO THE CITY OF MONTEBELLO PURSUANT TO THE SEPTEMBER 1, 2000 REIMBURSEMENT AGREEMENT RELATING TO THE MONTEBELLO HILLS REDEVELOPMENT PROJECT AND TO THE SEPTEMBER 1, 2000 REIMBURSEMENT AGREEMENT RELATING TO THE SOUTH MONTEBELLO INDUSTRIAL REDEVELOPMENT PROJECT; AND THE TAKING OF CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Community Redevelopment Agency of the City of Montebello (the "Agency") is a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory and supplemental thereto); and

WHEREAS, the Agency and the City of Montebello (the "City") have executed and delivered the Reimbursement Agreement, dated as of September 1, 2000, relating to the South Montebello Industrial Redevelopment Project, and the Reimbursement Agreement, dated as of September 1, 2000, relating to the Montebello Hills Redevelopment Project (collectively, the "Reimbursement Agreements"); and

WHEREAS, the City desires that the Agency prepay and satisfy in part the obligations of the Agency to the City under the Reimbursement Agreements pursuant to a Prepayment and Partial Satisfaction Agreement in substantially the form attached hereto as Exhibit A, and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONTEBELLO DOES FIND, DETERMINE AND RESOLVE AS FOLLOWS

Section 1. The City hereby approves the form of the Prepayment and Partial Satisfaction Agreement, substantially in the form attached hereto as Exhibit A and on file with the City Clerk, with such revisions, amendments and completions as shall be approved by any officer of the City or any member of the City Council, and each of them, and any designee of any of them (each, an "Authorized Officer") with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer

Section 2. Any one of the Authorized Officers and the City Attorney, and each of them, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all additional documents, agreements and certificates which they deem necessary or advisable to consummate the transactions contemplated hereby. All actions heretofore taken by any Authorized Officer or any other officer or agent of the City in connection with or related to the Prepayment and Partial Satisfaction Agreement are hereby approved, confirmed and ratified in all respects.

Section 3. The City Clerk shall certify to the adoption of this Resolution, which shall be in full force and effect immediately upon its adoption. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the City Clerk pursuant to this Resolution may be performed by an assistant City Clerk or an interim City Clerk with the same force and effect as if performed by the City Clerk hereunder

Passed, approved and adopted this 11th day of May 2011



Art Barajas, Mayor

ATTEST

Robert J King, City Clerk

APPROVED AS TO FORM AND CONTENT

Arnold Alvarez –Glasman, City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)ss.
CITY OF MONTEBELLO)

I, ROBERT J KING, City Clerk of the City of Montebello, do hereby certify that the foregoing Resolution No.11-29 as duly and regularly approved and adopted by the Montebello City Council at regular meeting held on the May 11th day of April 2011, as approved by law by the following vote:

AYES	Members: Perez, Molinari, Gomez, Barajas
NOES	Members: Cortez
ABSTAIN	Members: None
ABSENT	Members: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City on the 11th of May, 2011

Robert J King, City Clerk

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into this 22nd day of September 2010 by and between the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of California ("Lender"), and the CITY OF MONTEBELLO, a municipal corporation ("Borrower"). Lender and Borrower are collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Lender has advanced certain funds in the possession of the Lender to and on behalf of Borrower for the purpose of paying for and maintaining essential services and operations of the Borrower which benefit the Lender and the goals and objectives of the Lender; and

WHEREAS, the Borrower's use of such funds will specifically benefit the urbanized area of land within and outside the Lender's project areas. That such activities engaged in by the Borrower through the utilization of the funds provided by the Lender will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Lender; and

WHEREAS, without the use of the funds by the Borrower, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the Lender will receive substantial benefit from this loan in that the Borrower will be able to avoid and continue the elimination of blighted conditions within the project areas of the Lender and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities directly meeting the goals and objectives of California Redevelopment law; and

WHEREAS, pursuant to Government Code Section 53850 et seq. a City, including the Borrower, and other municipal public corporations, including the Lender, may engage in short term temporary borrowing, and a Redevelopment Agency, including the Lender, in addition to other powers authorized by law, may invest any money in securities in which savings banks may legally invest money subject to their control; and

WHEREAS, the Lender and Borrower enter into this Agreement to amend and restate the terms of a prior Loan Agreement entered by and between the Parties and that the terms contained in this Agreement shall supersede and govern the terms of the loan between the Parties.

NOW, THEREFORE, the Parties do hereby agree as follows:

SECTION 1. THE LOAN

Subject to the terms and conditions of this Agreement, Lender agrees to make and disburse the Loan to Borrower. The "Loan" means the loan evidenced by the Promissory Note (the "Note") in the principal amount not to exceed Nineteen Million, Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00) made by Borrower, as maker, and payable to the order of Lender, as payee, which evidences the Loan. Borrower shall repay the Loan in accordance with the terms of the Note. This temporary borrowing is being authorized and approved pursuant to and consistent with the provisions of California Government Code Section 53850, et seq.

SECTION 2. DISBURSEMENT

Lender will disburse funds to Borrower as requested by the Borrower and as needed to fulfill the goals and objectives of this Amended and Restated Loan Agreement in an amount not to exceed Nineteen Million Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00).

SECTION 3. CONDITIONS

Lender's obligation to make the Loan available to Borrower is subject to Borrower's agreement with the following conditions:

3.1 Repayment of Funds. Borrower pledges any taxes, income, revenue, cash receipts or other moneys of the Borrower to the payment of the Note and upon receipt of applicable general fund revenues, including but not limited to sales tax, property tax, gas tax and other similar taxes, income, revenues, cash receipts or other moneys of the Borrower, the Borrower shall pay to the Lender those amounts borrowed and received as deemed appropriate by the City Administrator/Executive Director and the Finance Director for the efficient operation of the respective entities of the Lender and Borrower.

3.2 Annual Report. Borrower shall make an annual report to Lender setting forth the status of funds available from the General Fund, including any taxes, income, revenue, cash receipts or other moneys of the Borrower, and the status of such other matters as reasonably requested by Lender.

3.3 Maturity. Borrower shall repay to Lender all amounts borrowed on or before June 30, 2011 or no later than fifteen months from the approval of this Agreement and the Promissory Note, provided however, that when such Promissory Note is paid only revenue received or accrued during the fiscal year 2010-11.

SECTION 4. TERMINATION

This Agreement and its terms and conditions contained herein shall terminate upon full repayment of the Loan to Lender.

SECTION 5. GENERAL PROVISIONS

5.1 This Agreement shall be governed by and construed in accordance with the laws of the United States of America, and the State of California.

5.2 The waiver by one Party of any term or condition of this Agreement, or any breach thereof, shall not be construed to be a general waiver by said Party or as a waiver of any other term or breach.


5.3 Should any litigation be commenced between the Parties hereto to enforce or interpret the provisions of this Agreement, the prevailing party in such litigation shall be entitled to recover a reasonable sum as attorney's fees and court or other litigation costs, in addition to any other relief to which the party may be entitled in law or equity.

5.4 The provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns, as may be applicable.

5.5 This Agreement shall supersede and govern the terms and conditions by and between the Parties and shall control in lieu of the Loan Agreement entered into between the Parties, dated July 14, 2010. Upon the execution of this Agreement, the prior Loan Agreement dated July 14, 2010 shall be cancelled and of no force or effect.


WHEREFORE, the parties agree to these terms and conditions on the date first written above.

CITY OF MONTEBELLO
BORROWER



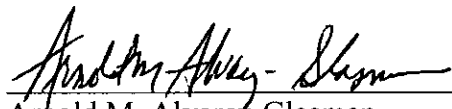
William M. Molinari
Mayor

ATTEST:



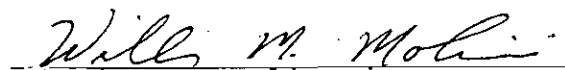
Robert J. King, City Clerk

APPROVED AS TO FORM:



Arnold M. Alvarez-Glasman
City Attorney

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO
LENDER



William M. Molinari

Chairman

PROMISSORY NOTE

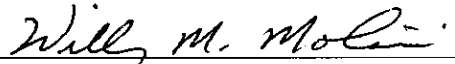
September 22, 2010
Montebello, California

Not to exceed \$19,300,000

FOR VALUE RECEIVED, the undersigned THE CITY OF MONTEBELLO, a municipal corporation ("Maker"), located at 1600 West Beverly Boulevard, Montebello, California, promises to pay to the order of the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of the State of California ("Payee"), the principal sum in an amount not to exceed Nineteen Million Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00), or such amount as may from time to time be disbursed, pursuant to the terms of this Promissory Note ("Note").

1. Payment of Principal Sum. Maker is obligated to pay the principal amount under the following conditions, whichever may occur first, and pursuant to the following terms:
 - (a) Payment from General Fund: Quarterly during each fiscal year, the Maker shall pay to Payee such amounts as deemed appropriate by the City Administrator and the Finance Director from General Fund revenues, including but not limited to any taxes, income, revenue, cash receipts or other moneys of the Maker received.
 - (b) Payment from the sale of City Property: At such time that the Maker sells any surplus real property, Maker shall pay to Payee an amount not to exceed twenty-five percent (25%) of the net sales proceeds from each sale of surplus property.
 - (c) Balloon Payment: On June 30, 2011, Maker shall pay to Payee all amounts still outstanding and owing which have not been previously paid at the quarterly payments as set forth in subparagraph 1(a), above. Notwithstanding the foregoing sentence, the Maker shall be permitted to pay Payee all amounts then due and owing on June 30, 2011, on or before the date not later than 15 month from the date of this Note, provided the revenues used to repay this Note shall only be from funds received or accrued during the fiscal year 2010-11.
2. Interest. This is a non-interest bearing Note.
3. Loan Documents. The loan evidenced by this Note is being disbursed and otherwise governed in accordance with the Amended and Restated Loan Agreement dated as of the date of this Note entered into by and between Maker and Payee.
4. Temporary Borrowing. This Note is being entered into and shall be governed by California Government Code Section 53850, et seq.
5. Termination and Cancellation of All Previous Notes. Upon the execution of this Note and except for the continuing obligation to repay such amounts, all previous note(s) entered into between the Parties shall be terminated and cancelled. All debt or obligations incurred by the Maker to the Payee through any previous borrowing and the amounts owed thereunder shall be incorporated into and be governed by this Note and terms herein.

CITY OF MONTEBELLO
Maker


William M. Molinari
Mayor

City of Montebello SA
 Analysis of Attachment B-7
 6.30.12

<u>Asset Type</u>	<u>Amount</u>	
Accounts Receivable	\$ 19,254	1
Notes Receivable	3,902,248	5
Interest Receivable	1,587,937	4
Land held for resale	5,983,486	3
Due from other funds	<u>168,461</u>	2
	11,661,386	
Capital Assets	<u>13,478,344</u>	6
	<u><u>\$ 25,139,730</u></u>	

1 Rents due at 6.30.12 - subsequently collected in 7.12

2 Finance Staff, after reviewing transactions made through the new cashiering module, installed and implemented in February 2012, noted deposits to the credit of the Successor Agency, were deposited incorrectly into the General Fund's Pooled Cash Account. These incorrect deposits were subsequently reimbursed to the Successor Agency.

3 105 N 6th street	313,717
701-705 W Whittier	1,313,769
Costco Property	<u>4,356,000</u>
	<u><u>5,983,486</u></u>

4 Accrued Interest on Casa Merced Note Receivable at 6.30.12

5 QUITE CANNON	2,182,178
ELEANOR ROMO	19,607
MICIAS, CIPRIANO & ANITA	40,000
VERONICA BECKMAN	80,000
JORGE CANDELAS	188,500
LA PINATA	161,365
THE DAILY BREW CAFÉ	112,625
MEGA BROKERS	118,400
CITY OF MONTEBELLO	7,500
SUPER WASH	141,134
ALONDRA HOT WINGS	82,401
SEIDNER'S COLLISION CENTER	83,499
CONCEPCION SOTELO/C. ALATORRE	18,731
CASA LA MERCED	<u>666,308</u>
	<u><u>3,902,248</u></u>

6 see attached

Recap of Depreciation By Fund/Dept/Acct - REVISED

Fund 870 CRA BOND PROCEEDS		BK1=11		07/2010 - 06/2011		PRRR006SF 10/28/2011 3:30:07PM	
Account	Account Name	Original Cost	Current Deprec.	Accum. Deprec.	N. B. V.	Current Deprec.	N. B. V.
Department: 4450	ECONOMIC DEVELOPMENT						
010	4900 LAND	6,612,000	32,500	113,750	6,498,250		
210	4910 BUILDING	7,014,606	175,365	438,413	6,576,193		
410	4930 OFFICE EQUIPMENT	218,647	4,949	201,327	17,320		
420	4940 MACHINERY AND EQUIPMENT	46,588	771	44,320	2,368		
430	4920 IMPROVEMENT OTHER THAN BLDG	492,618	36,864	111,510	381,108		
610	4950 AUTOMOTIVE EQUIPMENT	45,693	0	45,693	0		
Total Dept: 4450	ECONOMIC DEVELOPMENT	14,430,252	250,449	955,013	13,475,239		
Total Fund: 870	CRA BOND PROCEEDS	14,430,252	250,449	955,013	13,475,239		

* Carry value @

1.31.12 =

13,333,146.

B.V. @ 1.31.12 13,333,146
 Dep. 6.30.12 485,206
 Taylor Ranch prop. 230,500
13,478,434.
 54

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Mark J. Austin (State Bar No. 208880)
3 maustin@rutan.com
Megan Garibaldi (State Bar No. 268558)
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611 Anton Boulevard, Fourteenth Floor
5 Costa Mesa, California 92626-1931
Telephone: 714-641-5100
6 Facsimile: 714-546-9035

7 Attorneys for Plaintiff and Petitioner
ARA SEVACHERIAN

8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 FOR THE COUNTY OF LOS ANGELES

11 ARA SEVACHERIAN, an individual,
12 Plaintiff and Petitioner,

13 vs.
14

15 ALL PERSONS INTERESTED IN THE
MATTER OF THE VALIDITY OF A
16 LOAN AGREEMENT, DATED JULY 14,
2010, AND AN ASSOCIATED
17 PROMISSORY NOTE, BETWEEN THE
CITY OF MONTEBELLO AND THE
COMMUNITY REDEVELOPMENT
18 AGENCY OF THE CITY OF
MONTEBELLO; CITY OF
19 MONTEBELLO, a California municipal
corporation; COMMUNITY
20 REDEVELOPMENT AGENCY OF THE
CITY OF MONTEBELLO, a California
21 redevelopment agency; WILLIAM M.
MOLINARI, an individual; ART
22 BARAJAS, an individual; FRANK A.
GOMEZ, an individual; ALBERTO
23 PEREZ, an individual; CHRISTINA
CORTEZ, an individual; and DOES 1
24 through 20, inclusive,

25 Defendants and Respondents.

26 AND CONSOLIDATED CASE.
27
28

Case No. BC 445364
[Consolidated with Case No. BC 449895]

Assigned for all purposes to:
Judge Michael L. Stern, Dept. 62

**FIRST AMENDED VERIFIED
COMPLAINT AND PETITION FOR
WRIT OF MANDATE SEEKING:**
(1) TO ENJOIN UNLAWFUL
EXPENDITURES OF PUBLIC
FUNDS;
(2) TO INVALIDATE LOAN
AGREEMENTS AND PROMISSORY
NOTES BETWEEN THE CITY OF
MONTEBELLO AND THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
MONTEBELLO;
(3) DECLARATORY RELIEF; AND
(4) INJUNCTIVE RELIEF

Date action filed: September 10, 2010
Trial date: None Set

1 Plaintiff and Petitioner ARA SEVACHERIAN ("Plaintiff") hereby alleges as
2 follows:

3 **PARTIES**

4 1. Plaintiff is, and at all times mentioned herein was, an individual residing in
5 the County of Los Angeles, State of California. In addition, at all times mentioned herein,
6 and continuing through the present date, Plaintiff was a resident of, and owned real
7 property in, the City of Montebello, and paid taxes, including property taxes, in that City.

8 2. Defendant and Respondent CITY OF MONTEBELLO ("City") is, and at all
9 times mentioned herein was, a California municipal corporation incorporated as a general
10 law City in 1920. The governing body of the City is, and at all relevant times was, the City
11 Council of the City of Montebello ("the City Council"). The City's jurisdictional
12 boundaries are located within the County of Los Angeles, California.

13 3. Defendant and Respondent COMMUNITY REDEVELOPMENT AGENCY
14 OF THE CITY OF MONTEBELLO ("Agency") is, and at all times mentioned herein was,
15 an independent public body, corporate and politic, organized, existing, and exercising
16 powers pursuant to the California Community Redevelopment Law (Health & Saf. Code
17 §§ 33000 *et seq.*). The governing body of the Agency is, and at all relevant times was, the
18 Board of Directors of the Community Redevelopment Agency of the City of Montebello
19 ("the Governing Board"). The Agency's jurisdictional boundaries are located within the
20 County of Los Angeles, California

21 4. Defendants and Respondents WILLIAM M. MOLINARI, ART BARAJAS,
22 FRANK A. GOMEZ, ALBERTO PEREZ, and CHRISTINA CORTEZ (collectively, the
23 "City Councilmembers") are, and at all times relevant hereto were, individuals residing in
24 the County of Los Angeles, State of California. At all times referenced herein, and
25 continuing to the present date, the City Councilmembers were the individuals who
26 comprised the City Council and the Governing Board. Plaintiff is informed and believes,
27 and based thereon alleges, that the City Councilmembers had full knowledge of, ratified,
28 and encouraged each and all of the actions of the City and the Agency discussed herein,

1 with full knowledge of the illegality of those actions.

2 5. Defendants and Respondents "ALL PERSONS INTERESTED IN THE
3 MATTER OF THE VALIDITY OF A LOAN AGREEMENT, DATED JULY 14, 2010,
4 AND AN ASSOCIATED PROMISSORY NOTE, BETWEEN THE CITY OF
5 MONTEBELLO AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE
6 CITY OF MONTEBELLO," are the persons in and around the community of Montebello
7 who are interested in the validity of the "Original Loan Agreement," the "Original
8 Resolutions," and the associated "Original Promissory Note," as those matters are defined
9 and discussed below

10 6. Defendants and Respondents "ALL PERSONS INTERESTED IN THE
11 MATTER OF THE VALIDITY OF AN AMENDED AND RESTATED LOAN
12 AGREEMENT, DATED SEPTEMBER 22, 2010, AND AN ASSOCIATED
13 PROMISSORY NOTE, BETWEEN THE CITY OF MONTEBELLO AND THE
14 COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO,"
15 are the persons in and around the community of Montebello who are interested in the
16 validity of the "Amended and Restated Loan Agreement," the "New Resolutions," and the
17 associated "New Promissory Note," as those matters are defined and discussed below.

18 7. The true names and capacities, whether individual, corporate, or otherwise,
19 of defendants and respondents DOES 1 through 20, inclusive, are unknown to Plaintiff at
20 this time, and Plaintiff therefore sues these defendants/respondents by such fictitious
21 names. Plaintiff will seek leave of court to amend this Complaint to reflect the true names
22 and capacities of these fictitiously named defendants/respondents when they have been
23 ascertained.

24 8. Plaintiff is informed and believes, and based thereon alleges, that each of the
25 defendants and respondents named herein as DOES 1 through 20, inclusive, is legally
26 responsible in some manner, be it negligently, contractually, or otherwise, for the events
27 alleged herein, and therefore should be bound by the relief sought herein. DOES 1 through
28 20, inclusive, may include one or more members of City and/or Agency staff who

1 participated in and/or orchestrated the illegal transfers of funds referenced herein.

2 9. Plaintiff is informed and believes, and based thereon alleges, that at all times
3 mentioned herein, the defendants and respondents in this case, and each of them, were
4 acting as the agents, servants, and employees of each other, and were acting within the full
5 course and scope of their agency and employment, with the full knowledge and consent,
6 either express or implied, of each of the other defendants and respondents.

7 **FACTUAL BACKGROUND**

8 **Under the CRL, Redevelopment Agency Funds Can Only Be Used for Certain**
9 **Limited Purposes, and in Limited Ways**

10 10. California redevelopment agencies are created pursuant to the California
11 Community Redevelopment Law, Health & Safety Code §§ 33000 *et seq.* (the “CRL”).
12 According to the Legislature, the primary purpose of the CRL is to eliminate “blight”
13 within a community (as the term “blight” is defined in the CRL) by redeveloping
14 “blighted” areas with the assistance of public funds. (Health & Saf. Code §§ 33030 –
15 33037 [declaring state policy that blighted areas cause public and private harm, and that
16 they should be redeveloped with public funds].) In addition to eliminating blight, the CRL
17 also serves the purpose of expanding the state’s supply of low- and moderate-income
18 housing. (*Id.* at §§ 33070 – 33071.)

19 11. Consistent with the focused purposes of the CRL, the ability of
20 redevelopment agencies to spend money is greatly restricted. First, they are statutorily
21 required to spend any and all money that they receive—from any source—only “for the
22 purposes” enumerated in the CRL. (Health & Saf. Code § 33600.) As noted above, the
23 core purpose of the CRL is to eliminate blight through “redevelopment.”
24 “Redevelopment,” in turn, is chiefly defined as the improvement or rehabilitation of
25 structures within, the provision of open-space within, and/or the initial development of
26 “*project areas*,” which are areas that have been determined by a redevelopment agency to
27 be “*blighted*” under the CRL. (*See, e.g., id.* at §§ 33021 and 33020 [defining
28 “redevelopment”], and *id.* at §§ 33320.1 [defining redevelopment project areas as blighted

1 areas] and 33367 [to adopt redevelopment plan and form redevelopment project area,
2 agency must find that project area is blighted].)

3 12. Moreover, California redevelopment agencies are particularly restricted in
4 their ability to spend so-called "tax increment revenue," which is by far the main source of
5 income for such agencies. Indeed, Plaintiff is informed and believes, and based thereon
6 alleges, that tax increment revenue accounts for *at least* 90-95% of the income of
7 defendant Agency in this case, including but not limited to the funds that the Agency
8 currently has in its accounts, and the funds that the Agency either already has transferred to
9 the City, or intends to transfer to the City, pursuant to the Original Loan Agreement and/or
10 the Amended and Restated Loan Agreement, as those terms are defined herein.

11 13. "Tax increment revenue" is a form of revenue that is based on increases in
12 assessed property values (and thus property taxes) in a redevelopment project area.
13 (Health & Saf. Code § 33670; CAL. CONST., art. XVI, § 16; *Craig v. City of Poway* (1994)
14 28 Cal.App.4th 319, 325.) As described by the court in *Craig v. City of Poway*, tax
15 increment revenue works as follows:

16 Redevelopment agencies have no power to tax. Instead, to finance their
17 activities, they are funded primarily through tax increment financing.
18 [Citations.] Under the tax increment system, the assessed value of property
19 within a redevelopment project area is frozen when the redevelopment plan
20 is adopted. (§ 33670.) For the duration of the redevelopment plan, the
agency is entitled to the difference between the taxes levied on the base
year assessed value and those generated from current assessed value.
(*Ibid.*) This increase in, or "increment" of, property tax revenue is known
as "tax increment revenue."

21 (*Ibid.*)

22 14. Under the California Constitution and the CRL, redevelopment agencies
23 receiving tax increment revenues are required to pay all such revenues "into a special fund
24 of the redevelopment agency to pay the principal of and interest on loans, monies
25 advanced to, or indebtedness. . . incurred by the redevelopment agency to finance or
26 refinance, in whole or in part, *the redevelopment project.*" (Cal. Const. Article XVI,
27 § 16(b) [emphasis added]; Health & Saf. Code § 33670(b).) Furthermore, the CRL permits
28 such revenues to be spent *only* for certain identified and restricted redevelopment

1 purposes, such as (1) the acquisition of real and personal property in the redevelopment
2 project area (Health & Saf. Code §§ 33342, 33391, and 33445); (2) the development as a
3 ~~building site of any real property owned or acquired by the agency (*id.* at § 33421); (3) the~~
4 ~~disposition of real property for redevelopment purposes (*id.* at §§ 33430-33433); (4) the~~
5 construction and installation of public improvements that are “of benefit to the project
6 area,” or that are “necessary for carrying out in the project area the redevelopment plan”
7 (§§ 33445, 33679, and 33421); (5) the provision of seismic retrofit grants and loans for
8 buildings in the redevelopment project area (*id.* at § 33420.1); (6) the removal of graffiti
9 ***within the project area*** if the agency finds that such action is necessary to effectuate the
10 purposes of its redevelopment plan and will assist with the ***elimination of blight*** (*id.* at
11 § 33420.2); (7) the provision of loans to owners and tenants to rehabilitate commercial
12 buildings and structures in the project area (*id.* at § 33444.5); (8) assisting in the
13 development or rehabilitation of property in a redevelopment project area that will be used
14 for industrial or manufacturing purposes through the financing of capital equipment (*id.* at
15 § 33444.6); (9) the clean-up of contaminated properties located within the redevelopment
16 project area (*id.* at §§ 33459-33459.8); and (10) the provision of affordable housing inside
17 the redevelopment project area or outside the project area if the agency and the legislative
18 body of the community find that this “will be of benefit to the project” (*id.* at §§ 33334.2-
19 33334.3, in particular § 33334.2(g)(1)).

20 15. Additionally, even when redevelopment purposes are served, the CRL
21 significantly restricts the use of tax increment funds, and ***prohibits*** their use for such
22 general expenses of a public agency as normal building maintenance or the construction of
23 city administrative buildings. (*See, e.g.,* Health & Saf. Code § 33445(b)(3)
24 [redevelopment funds cannot be used for normal maintenance or operations of publicly
25 owned buildings], § 33445(e) [redevelopment funds cannot be used to pay for costs of
26 constructing city halls or county administration buildings], § 33426.5 [redevelopment
27 funds cannot be used to assist automobile dealerships or sales-tax generators on certain
28 vacant land parcels], and § 33426.7 [redevelopment funds cannot be provided to vehicle

1 dealers or "big box retailers" relocating from other jurisdictions within the market area].)
2 Put simply, the CRL does not authorize *any* redevelopment agency to spend *any* tax
3 increment revenues for *any* purpose other than the financing or refinancing of a
4 redevelopment project.

5 16. Moreover, each redevelopment agency in the State of California is required
6 to adopt an annual budget, which may be amended from time to time, setting forth,
7 amongst other information, (1) "[t]he proposed expenditures of the agency," and (2) "[t]he
8 proposed indebtedness of the agency." (Health & Saf. Code § 33606.) Under the CRL,
9 "[a]ll expenditures and indebtedness of the agency shall be in conformity with the adopted
10 or amended budget." (Health & Saf. Code § 33606.)

11 17. Furthermore, under normal circumstances, the tax increment revenue
12 received by a redevelopment agency would be subject to the spending and appropriation
13 limits of Article XIII B of the California Constitution (hereinafter, "Article 13"). (CAL.
14 CONST., art. XIII B, §§ 1, *et seq.*) Under Health & Safety Code section 33678, however,
15 the tax increment revenues received by a redevelopment agency are not subject to Article
16 13 so long as they are spent solely for "redevelopment activity," as that term is defined in
17 that section. (Health & Saf. Code § 33678(a).) As relevant to this case, Section 33678
18 defines "redevelopment activity" as "redevelopment meeting all of the following criteria:"

19 a. it is "redevelopment as prescribed by Sections 33020 and 33021"
20 (defining "redevelopment" for purposes of the CRL);

21 b. it "[p]rimarily benefits the project area"; and

22 c. "[n]one of the funds are used for the purpose of paying for employee
23 or contractual services of any local governmental agency unless these services are directly
24 related to the purpose of Sections 33020 and 33021 and the powers established in this
25 part."

26 (*Id.* at § 33678(b)(1).)

27 18. Plaintiff is informed and believes, and based thereon alleges, that the City
28 and Agency treat the tax increment revenues received by the Agency as exempt from the

1 spending and appropriations limits of Article 13, and thus have not adopted or applied any
2 such limits to those funds. As such, the spending of the Agency's tax increment revenues
3 are subject to the heightened restrictions of Health & Saf. Code section 33678.

4 19. Finally, all public agencies are prohibited from making "gifts" of public
5 funds, even to other public agencies, under Article XVI, section 6, of the California
6 Constitution. A gift of public funds occurs when one entity makes an interest-free loan to
7 another, as in the case of the Amended and Restated Loan Agreement (discussed below).

8 20. In sum, all funds of a California redevelopment agency may be spent solely
9 for the purposes outlined in the CRL, as set forth above, and can only be spent in
10 conformity with the agency's annual budget. In addition, tax increment monies—which
11 typically account for nearly 100% of a redevelopment agency's available funds—are even
12 more restricted. Such funds, in addition to other restrictions, (1) must kept in a "special
13 fund" of the agency to pay the principal of and interest on indebtedness incurred to finance
14 or refinance a redevelopment area (Cal. Const. Article XVI, § 16(b); Health & Saf. Code
15 § 33670(b)), and, (2) lest the monies be subject to the limitations set forth in Article 13,
16 must be spent in a manner that "primarily benefits the project area," and cannot be used to
17 pay the general contractual or employee-related obligations of any public agency (unless
18 they relate *directly* to the redevelopment of blighted areas). Furthermore, redevelopment
19 agencies (just like all public agencies) cannot make "gifts" of public funds through
20 interest-free loans.

21 **Under the "Balanced Budget" Provision of the California Constitution, the City**
22 **Cannot Lawfully Incur an Indebtedness Payable in a Future Fiscal Year Without the**
23 **Approval of Two-Thirds of the City's Voters**

24 21. In addition to the foregoing, Article XVI, section 18, of the California
25 Constitution, the so-called "balanced budget" provision, provides in pertinent part as
26 follows:

27 No county, city, or school district, shall incur any indebtedness or liability
28 in any manner for any purpose exceeding in any year the income and
revenue provided for such year, without the assent of two-thirds of the
qualified electors thereof, voting at an election to be held for that purpose.

22. This constitutional provision prohibits cities from entering into long-term indebtedness without the assent of two-thirds of the community's voters. The provision exists "to prevent the improvident creation of inordinate debts which might be charged against taxpayers in ever increasing volume from year to year." *Starr v. City and County of San Francisco* (1977) 72 Cal.App.3d 164, 173-174. It was "designed to afford the people who are required to pay the cost of providing such objects of public convenience and welfare an opportunity to express their approval or disapproval of a long-term indebtedness." *City of Palm Springs v. Ringwald* (1950) 52 Cal.2d 620, 627. The constitutional provision applies regardless of the size of the indebtedness and regardless of the borrowing entity's ability, or purported ability, to repay.

23. The City's voters have never approved the City's act of entering into a long-term indebtedness with the Agency under the terms of the Amended and Restated Loan Agreement (as that term is below), as required by Article XVI, section 18, of the California Constitution.

24. In addition, although short-term loans are permitted under certain circumstances pursuant to Government Code sections 53850, *et seq.*, such short-term loans must be in compliance with Government Code section 53858, which states in pertinent part as follows:

Notes shall not be issued pursuant to this article in any fiscal year in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then uncollected taxes, income, revenue, cash receipts, and other monies of the local agency *which will be available* [i.e., monies that are not otherwise committed to other uses] for the payment of said notes and the interest thereon. . . .

(Gov. Code § 53858 [emphasis added].)

The City and Agency Enter Into the Original Loan Agreement to Legitimize Prior Illegal Fund Transfers, and to Authorize Additional Transfers of up to \$8 Million

25. The fiscal years for the City and Agency begin on July 1 of each year and end on June 30 of the following year.

26. On July 14, 2010, the City Council of City and Governing Board of Agency

1 held public meetings. The agendas for those meetings stated that, in the course of
2 preparing the budget for the 2010-2011 fiscal year, the City and Agency "discovered" that,
3 during the prior fiscal year, City staff had transferred funds from the Agency to the City
4 *"to support the needs of the City's general fund."* According to the agendas, "[t]here was
5 no prior approval of these transactions by the City Council or the Board Members to [sic]
6 the CRA." In addition, "the steps of approval and findings necessary to implement [the
7 fund transfers] were performed by prior staff without the knowledge or consent of the City
8 Council, the Agency Board Members or the City Attorney/Agency General Counsel."
9 True and correct copies of the agendas for the City and Agency's July 14, 2010, meetings
10 are attached hereto as Exhibits "A" and "B," respectively. The agenda for the Agency
11 (Exhibit B) incorporates by reference the statements on this issue made in the agenda for
12 the City (Exhibit A).

13 27. At the July 14, 2010 meetings of the City Council and Agency Governing
14 Board, officials and employees of the City and Agency reiterated all of the above-
15 referenced facts stated in the agendas for those meetings relating to the prior unauthorized
16 fund transfers.

17 28. The transfers of Agency funds to the City, as referred to by officials and
18 employees of the City and Agency at their July 14, 2010 meetings, were illegal under the
19 CRL because, *inter alia*, the transferred Agency funds, comprised primarily if not
20 exclusively of tax increment revenues, (1) were not budgeted to be transferred to the City,
21 and (2) were transferred to the City to be used to pay for the City's general-fund expenses,
22 including to pay for the City's employee and/or contractual services that were not directly
23 related to redevelopment, rather than being used for redevelopment purposes.

24 29. Despite the illegality of the prior fund transfers, the City and Agency
25 purported to ratify the transfers, and even to authorize additional such transfers, via a
26 formal, written "Loan Agreement" between the City and Agency, which they considered
27 and approved at their July 14, 2010 meetings (hereinafter, the "Original Loan
28 Agreement"). A true and correct copy of the Original Loan Agreement is attached hereto

1 as Exhibit "C." The City approved the Original Loan Agreement and authorized that it be
2 signed via its Resolution No. 10-41, dated July 14, 2010. The Agency approved the
3 ~~Original Loan Agreement and authorized that it be signed via its Resolution No. 10-03,~~
4 ~~also dated July 14, 2010. True and correct copies of these resolutions (hereinafter, the~~
5 ~~"Original Resolutions") are attached hereto as Exhibits "D" and "E," respectively.~~
6 According to the Original Loan Agreement, the City is required to repay any funds loaned
7 to the City pursuant to the Original Loan Agreement per the terms of a separate
8 "Promissory Note" (hereinafter, the "Original Promissory Note.") A true and correct copy
9 of the Original Promissory Note is attached hereto as Exhibit "F."

10 30. According to the Original Loan Agreement, the prior transfers of Agency
11 funds to the City—*i.e.*, those that were performed by City staff during the prior fiscal year
12 and, allegedly, were recently "discovered" by the City and Agency—were in the total
13 amount of \$1.8 million. (Original Loan Agreement, § 2.) The Original Loan Agreement
14 purported to authorize the City to retain those funds. In addition, the Original Loan
15 Agreement also purported to authorize the City to borrow an additional \$8 million from the
16 Agency in the future.

17 31. The Original Loan Agreement and the Original Promissory Note did not
18 restrict the City's use of the "loan" proceeds to eligible redevelopment purposes. In
19 addition, the Original Loan Agreement and the Original Promissory Note provided for the
20 "loan" to be non-interest bearing.

21 32. Furthermore, the Original Loan Agreement and the Original Promissory
22 Note did not have any fixed schedule for repayment of the "loan." Instead, both
23 documents provided for unspecified payments to be made "as deemed appropriate by the
24 City Administrator/Executive Director and the Finance Director for the efficient operation
25 of the respective entities of the Lender [*i.e.*, the Agency] and Borrower [*i.e.*, the City]." If
26 the City Administrator/Executive Director and Finance Director did not "deem it
27 appropriate," then no payments needed be made.

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After Plaintiff Sues to Invalidate the Original Loan Agreement, the City and Agency Enter Into an "Amended and Restated Loan Agreement" and New Promissory Note, Authorizing Additional Loans of Agency Funds Up to \$19.3 Million

33. On September 10, 2010, Plaintiff initiated a lawsuit against the City and Agency, designated as Los Angeles Superior Court Case No. BC 445364 (hereinafter, the "Original Lawsuit"). The Original Lawsuit sought, amongst other things, to invalidate the Original Loan Agreement and the Original Promissory Note.

34. In response to the Original Lawsuit, the City and the Agency held public meetings on September 22, 2010, at which they approved and authorized the execution of a *new* loan agreement between the City and the Agency, entitled "Amended and Restated Loan Agreement," as well as a new "Promissory Note" (hereinafter, the "New Promissory Note"). True and correct copies of the Amended and Restated Loan Agreement and the New Promissory Note are attached hereto as Exhibits "G" and "H," respectively, and incorporated herein by this reference. The City approved the Amended and Restated Loan Agreement and the New Promissory Note, and authorized that they be signed, via its Resolution No. 10-57, dated September 22, 2010. The Agency approved the Amended and Restated Loan Agreement and the New Promissory Note, and authorized that they be signed, via its Resolution No. 10-05, also dated September 22, 2010. True and correct copies of these resolutions (hereinafter, the "New Resolutions") are attached hereto as Exhibits "I" and "J," respectively.

35. In the City's and Agency's agendas for their September 22, 2010 meetings (true and correct copies of which are attached hereto as Exhibits "K" and "L," respectively), the City and Agency provided, *inter alia*, the following justification for the Amended and Restated Loan Agreement and New Promissory Note:

The City of Montebello and the Montebello Community Redevelopment Agency are two separate and distinct legal entities. Each body has certain powers and authority established by law. While redevelopment funds may be used for a variety of redevelopment purposes, it is the opinion of the Agency's General Counsel *that the unrestricted use of Agency funds for City general services would not be consistent with the permitted powers of the CRA.*

1 Upon review of the current budgetary situation of the City and the Agency,
2 the Interim City Administrator and the Finance Director are presenting an
3 amended and restated Loan Agreement and Promissory Note which would
4 increase the available funds from \$8 million to \$19.3 million. The City
5 Attorney/CRA General Counsel is also recommending certain
6 modifications to the Loan and Promissory Note to memorialize the short
7 term borrowing intended by the original borrowing and this current
8 Amended and Restated Loan Agreement and Promissory Note.

9 36. Although the City and Agency thus acknowledged in their agendas that the
10 Agency's funds could not be used in an unrestricted manner for the general services of the
11 City, the City nevertheless intended to use them in just that manner. Moreover, as set forth
12 in the Resolutions, the City attempted to justify its intended spending by claiming, not that
13 the use of the funds would support the elimination of blight, but the preemptive *avoidance*
14 of blight, which is not an authorized goal of the CRA. The Resolutions stated, *inter alia*:

15 **WHEREAS**, Agency has advanced certain funds in the possession of the
16 Agency to and on behalf of the City of the purpose of paying for and
17 maintaining essential services and operations of the City which benefit the
18 Agency and the goals and objectives of the Agency; and

19 **WHEREAS**, the City's use of such funds will specifically benefit the
20 urbanized area of land within *and outside* the Agency's project areas. That
21 such activities engaged in by the City through the utilization of the funds
22 provided by the Agency will directly assist in the elimination *and*
23 *avoidance* of blight within the project areas formed and designated by the
24 Agency; and

25 **WHEREAS**, without the use of the funds by the City, services such as
26 street repair and maintenance, street lighting repair, graffiti removal and
27 other infrastructure impacts would occur. . . .; and

28 **WHEREAS**, the City and Agency will receive substantial benefit from this
loan in that the City will be able to avoid and continue the elimination of
blighted conditions. . . .

37. By their terms, the Amended and Restated Loan Agreement and New
Promissory Note purport to supersede and supplant the Original Loan Agreement and
Original Promissory Note, and to increase the amount that the City may borrow from the
Agency from \$8 million to an astounding **\$19.3 million**.

38. The terms of the Amended and Restated Loan Agreement and the New
Promissory Note are substantially identical to those of the Original Loan Agreement and

1 the Original Promissory Note. For instance, like the Original Loan Agreement and the
2 Original Promissory Note, the Amended and Restated Loan Agreement and New
3 Promissory Note *do not restrict* the City's use of the borrowed funds to redevelopment
4 purposes.

5 39. The only substantive change from the Original Loan Agreement and Original
6 Promissory Note is that, under the terms of the New Promissory Note, the City is
7 purportedly required to pay back the borrowed funds within 15 months of the date of the
8 New Promissory Note, entirely with funds acquired by the City during the 2010-2011
9 fiscal year. The City included this provision in an effort to comply with Government Code
10 sections 53850 *et seq.* relating to so-called "temporary borrowing." However, this
11 provision does not address the Constitutional prohibition on long-term indebtedness, as
12 provided by Article XVI, section 18, of the California Constitution, with respect to any of
13 the borrowed funds, and particularly with respect to funds that had already been borrowed
14 before the New Promissory Note was entered into.

15 40. In sum, the Original Loan Agreement, the Amended and Restated Loan
16 Agreement, the Original Promissory Note, the New Promissory Note, all of the past and
17 future transfers of Agency funds to the City pursuant to (and/or as ratified by) these
18 agreements and/or notes (*including any and all future revisions of, amendments to,*
19 *and/or restatements of any of those documents*), all expenditures by the City of such
20 transferred funds, and all other actions taken by the City and/or Agency pursuant to (and/or
21 as ratified by) the Original Loan Agreement, the Amended and Restated Loan Agreement,
22 the Original Promissory Note, and/or the New Promissory Note, are illegal and wasteful
23 for the following reasons, amongst others:

24 a. Plaintiff is informed and believes, and based thereon alleges, that the
25 Agency has never amended its adopted budget to authorize the transfers of funds pursuant
26 to the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
27 Promissory Note, and/or the New Promissory Note, in violation of section 33606 of the
28 Health & Safety Code;

1 b. The transferred funds are not restricted to the limited uses authorized
2 by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code sections 33020
3 and 33021—but instead have been and will continue to be used to pay for the City’s

4 general fund expenses, in violation of Article XVI, section 16, of the California
5 Constitution, and various sections of the CRL, including without limitation Health &
6 Safety Code section 33670(b);

7 c. The manner in which the City has spent and will spend the transferred
8 funds will not “primarily benefit” the redevelopment project area(s) in the City;

9 d. The transferred funds have been and will continue to be used to pay
10 for “employee or contractual services” of the City that are not directly related to
11 redevelopment or the purposes of the CRL;

12 e. The Original Loan Agreement, the Amended and Restated Loan
13 Agreement, the Original Promissory Note, and the New Promissory Note have not been
14 submitted to and approved by two-thirds of the City’s voters, in violation of Article XVI,
15 section 18, of the California Constitution;

16 f. The transfers of funds from the Agency to the City as contemplated
17 by the Original Loan Agreement, the Amended and Restated Loan Agreement, the
18 Original Promissory Note, and/or the New Promissory Note, constitute unlawful gifts of
19 public funds, in violation of Article XVI, section 6, of the California Constitution; and

20 g. The Amended and Restated Loan Agreement and the New Promissory
21 Note are not in compliance with Government Code section 53858, in that the amount of
22 money covered by the New Promissory Note (\$19.3 million) exceeds, as of September 22,
23 2010, 85 percent of the estimated amount of the then-uncollected taxes, income, revenue,
24 cash receipts, and other monies of the City from the 2010-2011 fiscal year that are
25 ***available*** for the re-payment of the New Promissory Note.

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FIRST CAUSE OF ACTION

(Taxpayers' Action Under Code of Civil Procedure § 526a to Enjoin Unlawful Expenditures of Public Funds – Against Defendants/Respondents City, Agency, the City Councilmembers, and DOES 1 through 20, inclusive)

41. Plaintiff hereby incorporates by this reference each and every allegation contained in Paragraphs 1 through 40, inclusive, of this Complaint, as if set forth herein.

42. The City, the Agency, the City Councilmembers, and DOES 1 through 20, inclusive (collectively, as used in this cause of action, "Defendants"), and each of them, approved and/or signed the Original Resolutions, the Original Loan Agreement, and the Original Promissory Note at their meetings of July 14, 2010. The Original Resolutions, the Original Loan Agreement, and the Original Promissory Note acknowledge and purport to ratify the prior transfer of funds from the Agency to the City, in the amount of \$1.8 million, for the purpose of paying for the City's general-fund expenses, and authorize the City to borrow an additional \$8 million from the Agency, also to pay for the City's general-fund expenses

43. Defendants, and each of them, approved and/or signed the New Resolutions, the Amended and Restated Loan Agreement, and the New Promissory Note, at their meetings of September 22, 2010. The New Resolutions, the Amended and Restated Loan Agreement, and the New Promissory Note acknowledge and purport to ratify the prior transfer of funds from the Agency to the City, in the amount of \$1.8 million – \$8 million, for the purpose of paying for the City's general-fund expenses, and authorize the City to borrow up to a total of \$19.3 million from the Agency in the future, also to pay for the City's general-fund expenses.

44. The Original Loan Agreement, the Amended and Restated Loan Agreement, the Original Promissory Note, the New Promissory Note, all of the past and future transfers of Agency funds to the City pursuant to (and/or as ratified by) these agreements and/or notes (including any and all future revisions of, amendments to, and/or restatements of any of those documents), all expenditures by the City of such transferred funds, and all

1 other actions taken by the City and/or Agency pursuant to (and/or as ratified by) the
2 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
3 Promissory Note, and/or the New Promissory Note, are illegal and wasteful for the
4 following reasons, amongst others:

5 a. Plaintiff is informed and believes, and based thereon alleges, that the
6 Agency has never amended its adopted budget to authorize the transfers of funds pursuant
7 to the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
8 Promissory Note, and/or the New Promissory Note, in violation of section 33606 of the
9 Health & Safety Code;

10 b. The transferred funds are not restricted to the limited uses authorized
11 by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code sections 33020
12 and 33021—but instead have been and will continue to be used to pay for the City’s
13 general fund expenses, in violation of Article XVI, section 16, of the California
14 Constitution, and various sections of the CRL, including without limitation Health &
15 Safety Code section 33670(b);

16 c. The manner in which the City has spent and will spend the transferred
17 funds will not “primarily benefit” the redevelopment project area(s) in the City;

18 d. The transferred funds have been and will continue to be used to pay
19 for “employee or contractual services” of the City that are not directly related to
20 redevelopment or the purposes of the CRL;

21 e. The Original Loan Agreement, the Amended and Restated Loan
22 Agreement, the Original Promissory Note, and the New Promissory Note have not been
23 submitted to and approved by two-thirds of the City’s voters, in violation of Article XVI,
24 section 18, of the California Constitution;

25 f. The transfers of funds from the Agency to the City as contemplated
26 by the Original Loan Agreement, the Amended and Restated Loan Agreement, the
27 Original Promissory Note, and/or the New Promissory Note, constitute unlawful gifts of
28 public funds, in violation of Article XVI, section 6, of the California Constitution; and

1 g. The Amended and Restated Loan Agreement and the New Promissory
2 Note are not in compliance with Government Code section 53858, in that the amount of
3 money covered by the New Promissory Note (\$19.3 million) exceeds, as of September 22,
4 2010; 85 percent of the estimated amount of the then-uncollected taxes, income, revenue,
5 cash receipts, and other monies of the City from the 2010-2011 fiscal year that are
6 *available* for the re-payment of the New Promissory Note.

7 45. Unless Defendants, and each of them, are enjoined from transferring Agency
8 funds to the City pursuant to the Original Loan Agreement, the Amended and Restated
9 Loan Agreement, the Original Promissory Note, and/or the New Promissory Note, from
10 expending such borrowed funds for unauthorized purposes, and from otherwise taking
11 actions pursuant to those agreements and/or notes, the Agency's funds will be illegally and
12 wastefully expended in contravention of applicable provisions of the California
13 Constitution and the CRL; to the harm and detriment of both Plaintiff and the other
14 taxpayers and citizens of the City of Montebello.

15 46. For the foregoing reasons, Plaintiff seeks an injunction preventing
16 Defendants, and each of them, from transferring Agency funds to the City pursuant to,
17 and/or as ratified by, the Original Loan Agreement, the Amended and Restated Loan
18 Agreement, the Original Promissory Note, and/or the New Promissory Note, from
19 expending such transferred funds for unauthorized purposes, and from otherwise taking
20 actions pursuant to those agreements and/or notes. In addition, Plaintiff seeks an order
21 requiring Defendants, and each of them, to immediately repay to the Agency any and all
22 funds transferred to Defendants, or any of them, from the Agency pursuant to, and/or as
23 ratified by, those agreements and/or notes, together with interest on such transferred funds
24 at the maximum rate permitted by law.

25 47. Petitioner brings this cause of action as a resident, property owner, and
26 taxpayer in the City of Montebello, pursuant to Code of Civil Procedure section 526a.

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1 **SECOND CAUSE OF ACTION**

2 **(Reverse Validation Action Under CCP § 860 *et seq.* – Against All**

3 **Defendants/Respondents)**

4 48. Plaintiff hereby incorporates by this reference each and every allegation
5 contained in Paragraphs 1 through 47, inclusive, of this Complaint, as if set forth herein.

6 49. The City, the Agency, the City Councilmembers, and DOES 1 through 20,
7 inclusive (collectively, as used in this cause of action, “Defendants”), and each of them,
8 approved and/or signed the Original Resolutions, the Original Loan Agreement, and the
9 Original Promissory Note at their meetings of July 14, 2010. The Original Resolutions,
10 the Original Loan Agreement, and the Original Promissory Note acknowledge and purport
11 to ratify the prior transfer of funds from the Agency to the City, in the amount of \$1.8
12 million, for the purpose of paying for the City’s general-fund expenses, and authorize the
13 City to borrow an additional \$8 million from the Agency, also to pay for the City’s
14 general-fund expenses.

15 50. Defendants, and each of them, approved and/or signed the New Resolutions,
16 the Amended and Restated Loan Agreement, and the New Promissory Note, at their
17 meetings of September 22, 2010. The New Resolutions, the Amended and Restated Loan
18 Agreement, and the New Promissory Note acknowledge and purport to ratify the prior
19 transfer of funds from the Agency to the City, in the amount of \$1.8 million – \$8 million,
20 for the purpose of paying for the City’s general-fund expenses, and authorize the City to
21 borrow up to a total of \$19.3 million from the Agency in the future, also to pay for the
22 City’s general-fund expenses.

23 51. The Original Loan Agreement, the Amended and Restated Loan Agreement,
24 the Original Promissory Note, the New Promissory Note, all of the past and future
25 transfers of Agency funds to the City pursuant to (and/or as ratified by) these agreements
26 and/or notes (including any and all future revisions of, amendments to, and/or restatements
27 of any of those documents), all expenditures by the City of such transferred funds, and all
28 other actions taken by the City and/or Agency pursuant to (and/or as ratified by) the

1 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
2 Promissory Note, and/or the New Promissory Note, are illegal and wasteful for the
3 following reasons, amongst others:

4 a. Plaintiff is informed and believes, and based thereon alleges, that the
5 Agency has never amended its adopted budget to authorize the transfers of funds pursuant
6 to the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
7 Promissory Note, and/or the New Promissory Note, in violation of section 33606 of the
8 Health & Safety Code;

9 b. The transferred funds are not restricted to the limited uses authorized
10 by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code sections 33020
11 and 33021—but instead have been and will continue to be used to pay for the City’s
12 general fund expenses, in violation of Article XVI, section 16, of the California
13 Constitution, and various sections of the CRL, including without limitation Health &
14 Safety Code section 33670(b);

15 c. The manner in which the City has spent and will spend the transferred
16 funds will not “primarily benefit” the redevelopment project area(s) in the City;

17 d. The transferred funds have been and will continue to be used to pay
18 for “employee or contractual services” of the City that are not directly related to
19 redevelopment or the purposes of the CRL;

20 e. The Original Loan Agreement, the Amended and Restated Loan
21 Agreement, the Original Promissory Note, and the New Promissory Note have not been
22 submitted to and approved by two-thirds of the City’s voters, in violation of Article XVI,
23 section 18, of the California Constitution;

24 f. The transfers of funds from the Agency to the City as contemplated
25 by the Original Loan Agreement, the Amended and Restated Loan Agreement, the
26 Original Promissory Note, and/or the New Promissory Note, constitute unlawful gifts of
27 public funds, in violation of Article XVI, section 6, of the California Constitution; and

28 g. The Amended and Restated Loan Agreement and the New Promissory

1 Note are not in compliance with Government Code section 53858, in that the amount of
2 money covered by the New Promissory Note (\$19.3 million) exceeds, as of September 22,
3 2010, 85 percent of the estimated amount of the then-uncollected taxes, income, revenue,
4 cash receipts, and other monies of the City from the 2010-2011 fiscal year that are
5 *available* for the re-payment of the New Promissory Note.

6 52. For the foregoing reasons, Plaintiff seeks a judicial declaration that the
7 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
8 Promissory Note, the New Promissory Note, the Original Resolutions, and the New
9 Resolutions, the City and Agency's approval, entering into, and execution thereof, and any
10 and all actions taken pursuant thereto, and/or as ratified thereby (including but not limited
11 to the past and future transfers of Agency funds to the City, and the expenditure of such
12 transferred funds by the City), are invalid and unlawful. In addition, Plaintiff seeks an
13 injunction preventing Defendants, and each of them, from transferring Agency funds to the
14 City pursuant to the Original Loan Agreement, the Amended and Restated Loan
15 Agreement, the Original Promissory Note, and/or the New Promissory Note, from
16 expending such transferred funds for unauthorized purposes, and from otherwise taking
17 actions pursuant to those agreements and/or notes. In addition, Plaintiff also seeks an
18 order requiring Defendants, and each of them, to immediately repay to the Agency any and
19 all funds transferred to Defendants, or any of them, from the Agency pursuant to, and/or as
20 ratified by, those agreements and/or notes, together with interest on such transferred funds
21 at the maximum rate permitted by law.

22 53. Out of an abundance of caution, and without any admission that these
23 procedures are applicable, Plaintiff brings this action pursuant to the "reverse validation"
24 procedures of Code of Civil Procedure sections 860 *et seq.*, including but not limited to
25 Section 863. Pursuant to those procedures, Plaintiff names in this cause of action all
26 persons interested in the validity of the Original Loan Agreement, the Amended and
27 Restated Loan Agreement, the Original Promissory Note, the New Promissory Note, the
28 Original Resolutions, and the New Resolutions.

THIRD CAUSE OF ACTION

(Petition for Writ of Mandate under Code of Civil Procedure section 1085 – Against Defendants/Respondents City, Agency, the City Councilmembers, and DOES 1 through 20, inclusive)

54. Plaintiff hereby incorporates by this reference each and every allegation contained in Paragraphs 1 through 53, inclusive, of this Complaint, as if set forth herein.

55. The City, the Agency, the City Councilmembers, and DOES 1 through 20, inclusive (collectively, as used in this cause of action, “Defendants”), and each of them, approved and/or signed the Original Resolutions, the Original Loan Agreement, and the Original Promissory Note at their meetings of July 14, 2010. The Original Resolutions, the Original Loan Agreement, and the Original Promissory Note acknowledge and purport to ratify the prior transfer of funds from the Agency to the City, in the amount of \$1.8 million, for the purpose of paying for the City’s general-fund expenses, and authorize the City to borrow an additional \$8 million from the Agency, also to pay for the City’s general-fund expenses

56. Defendants, and each of them, approved and/or signed the New Resolutions, the Amended and Restated Loan Agreement, and the New Promissory Note, at their meetings of September 22, 2010. The New Resolutions, the Amended and Restated Loan Agreement, and the New Promissory Note acknowledge and purport to ratify the prior transfer of funds from the Agency to the City, in the amount of \$1.8 million – \$8 million, for the purpose of paying for the City’s general-fund expenses, and authorize the City to borrow up to a total of \$19.3 million from the Agency in the future, also to pay for the City’s general-fund expenses.

57. The Original Loan Agreement, the Amended and Restated Loan Agreement, the Original Promissory Note, the New Promissory Note, all of the past and future transfers of Agency funds to the City pursuant to (and/or as ratified by) these agreements and/or notes (including any and all future revisions of, amendments to, and/or restatements of any of those documents), all expenditures by the City of such transferred funds, and all

1 other actions taken by the City and/or Agency pursuant to (and/or as ratified by) the
2 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
3 ~~Promissory Note, and/or the New Promissory Note, are illegal and wasteful for the~~

4 following reasons, amongst others:

5 a. Plaintiff is informed and believes, and based thereon alleges, that the
6 Agency has never amended its adopted budget to authorize the transfers of funds pursuant
7 to the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
8 Promissory Note, and/or the New Promissory Note, in violation of section 33606 of the
9 Health & Safety Code;

10 b. The transferred funds are not restricted to the limited uses authorized
11 by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code sections 33020
12 and 33021—but instead have been and will continue to be used to pay for the City’s
13 general fund expenses, in violation of Article XVI, section 16, of the California
14 Constitution, and various sections of the CRL, including without limitation Health &
15 Safety Code section 33670(b);

16 c. The manner in which the City has spent and will spend the transferred
17 funds will not “primarily benefit” the redevelopment project area(s) in the City;

18 d. The transferred funds have been and will continue to be used to pay
19 for “employee or contractual services” of the City that are not directly related to
20 redevelopment or the purposes of the CRL;

21 e. The Original Loan Agreement, the Amended and Restated Loan
22 Agreement, the Original Promissory Note, and the New Promissory Note have not been
23 submitted to and approved by two-thirds of the City’s voters, in violation of Article XVI,
24 section 18, of the California Constitution;

25 f. The transfers of funds from the Agency to the City as contemplated
26 by the Original Loan Agreement, the Amended and Restated Loan Agreement, the
27 Original Promissory Note, and/or the New Promissory Note, constitute unlawful gifts of
28 public funds, in violation of Article XVI, section 6, of the California Constitution; and

g. The Amended and Restated Loan Agreement and the New Promissory Note are not in compliance with Government Code section 53858, in that the amount of money covered by the New Promissory Note (\$19.3 million) exceeds, as of September 22, 2010, 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other monies of the City from the 2010-2011 fiscal year that are *available* for the re-payment of the New Promissory Note.

58. Defendants, and each of them, have a mandatory duty to refrain from transferring and/or expending Agency funds in a manner that is wasteful, illegal under the CRL and/or the California Constitution, and/or in contravention of the purposes of the CRL and/or the California Constitution.

59. For the foregoing reasons, Plaintiff seeks an injunction preventing Defendants, and each of them, from transferring Agency funds to the City pursuant to the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original Promissory Note, and/or the New Promissory Note, from expending such transferred funds for unauthorized purposes, and from otherwise taking actions pursuant to those agreements and/or notes. Furthermore, Plaintiff also seeks an order requiring Defendants, and each of them, to immediately repay to the Agency any and all funds transferred to Defendants, or any of them, from the Agency pursuant to, and/or as ratified by, those agreements and/or notes, together with interest on such transferred funds at the maximum rate permitted by law.

FOURTH CAUSE OF ACTION

(For Declaratory Relief – Against All Defendants/Respondents)

60. Plaintiff hereby incorporates by this reference each and every allegation contained in Paragraphs 1 through 59, inclusive, of this Complaint, as if set forth herein.

61. An actual controversy has arisen and now exists between, on the one hand, Plaintiff, and, on the other hand, Defendants City, Agency, the City Councilmembers, and DOES 1 through 20, inclusive (collectively, as used in this cause of action, “Defendants”), and each of them, in that Plaintiff contends, and Defendants deny, the following:

1 a. That the Original Resolutions, the New Resolutions, the Original
2 Loan Agreement, the Amended and Restated Loan Agreement, the Original Promissory
3 Note, and the New Promissory Note, are unlawful and invalid;

4 b. That any and all actions taken by Defendants pursuant to the Original
5 Resolutions, the New Resolutions, the Original Loan Agreement, the Amended and
6 Restated Loan Agreement, the Original Promissory Note, and/or the New Promissory
7 Note, are unlawful and invalid;

8 c. That the approval, entering into, and execution of the Original
9 Resolutions, the New Resolutions, the Original Loan Agreement, the Amended and
10 Restated Loan Agreement, the Original Promissory Note, and the New Promissory Note,
11 are unlawful and invalid;

12 d. That the past and future transfers of Agency funds to the City
13 pursuant to, and/or as ratified by, the Original Resolutions, the New Resolutions, the
14 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
15 Promissory Note, and the New Promissory Note, are unlawful and invalid;

16 e. That the expenditure by the City of the funds transferred from the
17 Agency pursuant to, and/or as ratified by, the Original Resolutions, the New Resolutions,
18 the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
19 Promissory Note, and the New Promissory Note, are unlawful and invalid;

20 f. That the above-referenced actions, resolutions, approvals, and
21 agreements are unlawful and invalid for the following reasons, amongst others:

22 i. Plaintiff is informed and believes, and based thereon alleges,
23 that the Agency has never amended its adopted budget to authorize the transfers of funds
24 pursuant to the Original Loan Agreement, the Amended and Restated Loan Agreement, the
25 Original Promissory Note, and/or the New Promissory Note, in violation of section 33606
26 of the Health & Safety Code;

27 ii. The transferred funds are not restricted to the limited uses
28 authorized by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code

1 sections 33020 and 33021—but instead have been and will continue to be used to pay for
2 the City’s general fund expenses, in violation of Article XVI, section 16, of the California
3 Constitution, and various sections of the CRL, including without limitation Health &
4 Safety Code section 33670(b);

5 iii. The manner in which the City has spent and will spend the
6 transferred funds will not “primarily benefit” the redevelopment project area(s) in the City;

7 iv. The transferred funds have been and will continue to be used to
8 pay for “employee or contractual services” of the City that are not directly related to
9 redevelopment or the purposes of the CRL;

10 v. The Original Loan Agreement, the Amended and Restated
11 Loan Agreement, the Original Promissory Note, and the New Promissory Note have not
12 been submitted to and approved by two-thirds of the City’s voters, in violation of Article
13 XVI, section 18, of the California Constitution;

14 vi. The transfers of funds from the Agency to the City as
15 contemplated by the Original Loan Agreement, the Amended and Restated Loan
16 Agreement, the Original Promissory Note, and/or the New Promissory Note, constitute
17 unlawful gifts of public funds, in violation of Article XVI, section 6, of the California
18 Constitution; and

19 vii. The Amended and Restated Loan Agreement and the New
20 Promissory Note are not in compliance with Government Code section 53858, in that the
21 amount of money covered by the New Promissory Note (\$19.3 million) exceeds, as of
22 September 22, 2010, 85 percent of the estimated amount of the then-uncollected taxes,
23 income, revenue, cash receipts, and other monies of the City from the 2010-2011 fiscal
24 year that are *available* for the re-payment of the New Promissory Note.

25 62. Plaintiff desires a judicial determination of the respective rights and duties of
26 Plaintiff and Defendants with respect to the Original Loan Agreement, the Amended and
27 Restated Loan Agreement, the Original Resolutions, the New Resolutions, the Original
28 Promissory Note, the New Promissory Note, and the funds transferred from the Agency to

1 the City pursuant thereto. In particular, Plaintiff desires a declaration that the statements
2 set forth above in subparagraphs (a) through (f)(vii) of the immediately preceding
3 paragraph are true and accurate representations of the parties' respective rights, duties, and
4 obligations. Such a determination is necessary and appropriate at this time in order for
5 Plaintiff to determine its rights and duties, and the rights and duties of Defendants, with
6 respect to these matters.

7 **PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff ARA SEVACHERIAN hereby prays for judgment against
9 Defendants and Respondents ALL PERSONS INTERESTED IN THE MATTER OF THE
10 VALIDITY OF AN AMENDED AND RESTATED LOAN AGREEMENT, DATED
11 SEPTEMBER 22, 2010, AND AN ASSOCIATED PROMISSORY NOTE, BETWEEN
12 THE CITY OF MONTEBELLO AND THE COMMUNITY REDEVELOPMENT
13 AGENCY OF THE CITY OF MONTEBELLO; CITY OF MONTEBELLO;
14 COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO;
15 WILLIAM M. MOLINARI; ART BARAJAS; FRANK A. GOMEZ; ALBERTO PEREZ;
16 CHRISTINA CORTEZ; and DOES 1 through 20, inclusive, as follows:

17 1. **On the First and Third Causes of Action:**

18 a. A temporary restraining order, and a preliminary and permanent
19 injunction, preventing Defendants, and each of them, from transferring Agency funds to
20 the City pursuant to the Original Loan Agreement, the Amended and Restated Loan
21 Agreement, the Original Promissory Note, and/or the New Promissory Note, from
22 expending such transferred funds for unauthorized purposes, and from otherwise taking
23 actions pursuant to those agreements and/or notes; and

24 b. An order requiring Defendants, and each of them, to immediately
25 repay to the Agency any and all funds transferred to Defendants, or any of them, from the
26 Agency pursuant to, and/or as ratified by, the Original Loan Agreement, the Amended and
27 Restated Loan Agreement, the Original Promissory Note, and/or the New Promissory
28 Note, together with interest on such transferred funds at the maximum rate permitted by

1 law.

2 2. On the Second Cause of Action:

3 a. A judicial declaration that the Original Loan Agreement, the
4 Amended and Restated Loan Agreement, the Original Promissory Note, the New
5 Promissory Note, the Original Resolutions, and the New Resolutions, the City and
6 Agency's approval, entering into, and execution thereof, and any and all actions taken
7 pursuant thereto, and/or as ratified thereby (including but not limited to the past and future
8 transfers of Agency funds to the City, and the expenditure of such transferred funds by the
9 City), are illegal, wasteful, and invalid;

10 b. A temporary restraining order, and a preliminary and permanent
11 injunction, preventing Defendants, and each of them, from transferring Agency funds to
12 the City pursuant to the Original Loan Agreement, the Amended and Restated Loan
13 Agreement, the Original Promissory Note, and/or the New Promissory Note, from
14 expending such transferred funds for unauthorized purposes, and from otherwise taking
15 actions pursuant to those agreements and/or notes; and

16 c. An order requiring Defendants, and each of them, to immediately
17 repay to the Agency any and all funds transferred to Defendants, or any of them, from the
18 Agency pursuant to, and/or as ratified by, the Original Loan Agreement, the Amended and
19 Restated Loan Agreement, the Original Promissory Note, and/or the New Promissory
20 Note, together with interest on such transferred funds at the maximum rate permitted by
21 law.

22 3. On the Fourth Cause of Action: The following judicial declarations:

23 a. That the Original Resolutions, the New Resolutions, the Original
24 Loan Agreement, the Amended and Restated Loan Agreement, the Original Promissory
25 Note, and the New Promissory Note, are unlawful and invalid;

26 b. That any and all actions taken by Defendants pursuant to the Original
27 Resolutions, the New Resolutions, the Original Loan Agreement, the Amended and
28 Restated Loan Agreement, the Original Promissory Note, and/or the New Promissory

1 Note, are unlawful and invalid;

2 c. That the approval, entering into, and execution of the Original
3 ~~Resolutions, the New Resolutions, the Original Loan Agreement, the Amended and~~
4 Restated Loan Agreement, the Original Promissory Note, and the New Promissory Note,
5 are unlawful and invalid;

6 d. That the past and future transfers of Agency funds to the City
7 pursuant to, and/or as ratified by, the Original Resolutions, the New Resolutions, the
8 Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
9 Promissory Note, and the New Promissory Note, are unlawful and invalid;

10 e. That the expenditure by the City of the funds transferred from the
11 Agency pursuant to, and/or as ratified by, the Original Resolutions, the New Resolutions,
12 the Original Loan Agreement, the Amended and Restated Loan Agreement, the Original
13 Promissory Note, and the New Promissory Note, are unlawful and invalid;

14 f. That the above-referenced actions, resolutions, approvals, and
15 agreements are unlawful and invalid for the following reasons, amongst others:

16 i. Plaintiff is informed and believes, and based thereon alleges,
17 that the Agency has never amended its adopted budget to authorize the transfers of funds
18 pursuant to the Original Loan Agreement, the Amended and Restated Loan Agreement, the
19 Original Promissory Note, and/or the New Promissory Note, in violation of section 33606
20 of the Health & Safety Code;

21 ii. The transferred funds are not restricted to the limited uses
22 authorized by the CRL—*i.e.*, for “redevelopment” as defined by Health & Safety Code
23 sections 33020 and 33021—but instead have been and will continue to be used to pay for
24 the City’s general fund expenses, in violation of Article XVI, section 16, of the California
25 Constitution, and various sections of the CRL, including without limitation Health &
26 Safety Code section 33670(b);

27 iii. The manner in which the City has spent and will spend the
28 transferred funds will not “primarily benefit” the redevelopment project area(s) in the City;

1 iv. The transferred funds have been and will continue to be used to
2 pay for "employee or contractual services" of the City that are not directly related to
3 redevelopment or the purposes of the CRL;

4 v. The Original Loan Agreement, the Amended and Restated
5 Loan Agreement, the Original Promissory Note, and the New Promissory Note have not
6 been submitted to and approved by two-thirds of the City's voters, in violation of Article
7 XVI, section 18, of the California Constitution;

8 vi. The transfers of funds from the Agency to the City as
9 contemplated by the Original Loan Agreement, the Amended and Restated Loan
10 Agreement, the Original Promissory Note, and/or the New Promissory Note, constitute
11 unlawful gifts of public funds, in violation of Article XVI, section 6, of the California
12 Constitution; and

13 vii. The Amended and Restated Loan Agreement and the New
14 Promissory Note are not in compliance with Government Code section 53858, in that the
15 amount of money covered by the New Promissory Note (\$19.3 million) exceeds, as of
16 September 22, 2010, 85 percent of the estimated amount of the then-uncollected taxes,
17 income, revenue, cash receipts, and other monies of the City from the 2010-2011 fiscal
18 year that are *available* for the re-payment of the New Promissory Note.

19 4. On all Causes of Action:

20 a. For attorneys fees as permitted by law, including but not limited to
21 those authorized by Code of Civil Procedure section 1021.5;

22 b. For costs of suit incurred herein; and

23 c. For such other and further relief as the Court deems just and proper.

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1 Dated: January 11, 2011

RUTAN & TUCKER, LLP
JEFFREY M. ODERMAN
MARK J. AUSTIN
MEGAN GARIBALDI

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4 By: 

5 Mark J. Austin

6 Attorney for Plaintiff and Petitioner ARA
7 SEVACHERIAN
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VERIFICATION

2 STATE OF CALIFORNIA)

3 COUNTY OF LOS ANGELES) ss.

4)

5 I, Ara Sevacherian, declare as follows:

6 1. I have read the foregoing **FIRST AMENDED VERIFIED COMPLAINT**
7 **AND PETITION FOR WRIT OF MANDATE SEEKING: (1) TO ENJOIN**
8 **UNLAWFUL EXPENDITURES OF PUBLIC FUNDS; (2) TO INVALIDATE**
9 **LOAN AGREEMENTS AND PROMISSORY NOTES BETWEEN THE CITY OF**
10 **MONTEBELLO AND THE COMMUNITY REDEVELOPMENT AGENCY OF**
11 **THE CITY OF MONTEBELLO; (3) DECLARATORY RELIEF; AND (4)**
12 **INJUNCTIVE RELIEF**, and I know its contents.

13 2. I am the plaintiff in this action. The matters stated in the document
14 described above are true of my own knowledge and belief, except as to those matters stated
15 on information and belief, and as to those matters I believe them to be true.

16 I declare under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct.

18 Executed on this 11th day of January, 2011, at Montebello, California.

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Ara Sevacherian

EXHIBIT A

REGULAR MEETING AGENDA

**MONTERELLO CITY COUNCIL
CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTERELLO, CALIFORNIA¹
Wednesday, JULY 14, 2010 - 6:30 P.M.**

MONTERELLO CITY COUNCIL

**WILLIAM M. MOLINARI
MAYOR**

**ART BARAJAS
MAYOR PRO TEM**

**FRANK A. GOMEZ
COUNCILMAN**

**ALBERTO PERES
COUNCILMAN**

**CHRISTINA CORTES
COUNCILWOMAN**

**CITY CLERK
ROBERT J. KING**

**CITY TREASURER
NORMA M. LOPEZ**

CITY STAFF

**CITY ADMINISTRATOR
Randy B. Narramore**

**CITY ATTORNEY
Arnold Alvarez-Glasman**

DEPARTMENT HEADS

**Director of Finance -
Director of Municipal Services -
Director of Personnel/Risk Management
Director of Planning and Community Development -
Director of Transportation -
Fire Chief -
Police Department -**

**Michael Tam
Norma Salinas
Kevin Boylan
Michael Huntley
Anroza Jackson
James Ballard
Police Captain**

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Mayor Molinari
2. **ROLL CALL:** City Clerk King
3. **INVOCATION:** City Clerk King
4. **PLEDGE OF ALLEGIANCE:** Councilman Peres
5. **PRESENTATIONS:**

A. INTRODUCTION OF NEW CHIEF OF POLICE

B. PROCLAMATION TO THE MUNICIPAL SERVICES DEPARTMENT IN RECOGNITION OF PARKS AND RECREATION MONTH

¹ In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Building Official at 323/857-1497. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title III203+)

² Please note that the information contained in this agenda is a summary of the staff report prepared for each item. Complete copies of each staff report are available in the Office of the City Clerk.

**C. INTRODUCTION OF 2010 MONTEBELLO-ASHIYA SISTER CITY ASSOCIATION
AMBASSADORS:**

**LORENA GARCIA ZERMENO AND MAX DURON
JENNIFER OROZCO, HOST AMBASSADOR**

- 6. STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the City Council on any agenda item or topic must fill out a form provided at the door, and turn it in to the City Clerk prior to beginning Oral Communications. A form does not need to be submitted for public hearing items.

Speakers wishing to address the City Council on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under "Oral Communications - Continued" after all scheduled matters have been considered.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS

COUNCIL ORALS

- 7. Councilwoman Cortez:**
- a. Budget Issues
 - b. Allocation of Resources
 - c. Priorities
- 8. Mayor Pro Tem Barajas:** None
- 9. Councilman Gomez:** Metro Goldline Extension update
- 10. Councilman Perez:** Need for staff updates
- 11. Mayor Molinari:**
- a. Electronics and the Brown Act
 - b. Report on the Independent Cities Association Summer Conference
- 12. APPROVAL OF AGENDA:** Any items a Councilmember wishes to discuss should be designated at this time. All other items may be approved in a single motion with the exception Item No. 13 and 14, and ANY ITEM UPON WHICH A MEMBER OF THE PUBLIC OR A MEMBER OF THE CITY COUNCIL HAS REQUESTED TO SPEAK. Such approval will also waive the reading of any ordinance.

SCHEDULED MATTERS

- 13. PUBLIC HEARING: CONSIDERATION OF ADOPTION OF A RESOLUTION CONFIRMING THE ENGINEER'S REPORT, ASSESSMENT DIAGRAM AND FY 2010-11 ASSESSMENT FOR NATASHA LANE SEWER PUMP STATION AND STORM WATER PUMP STATION ASSESSMENT DISTRICT NO. 2005-2**

COMMENT: Natasha Lane is a twenty-unit housing development located near the intersection of Whittier Boulevard and Bluff Road. This development was completed in September of 2005. Due to the topography of the site, new sewer pump station and storm drain pump station were installed with this development. The City is responsible for the operation and maintenance of the pump stations. To offset the costs, each home is annually assessed a portion of the total

annual sewer and storm water pump operation and maintenance costs based on the length of the street (Natasha Lane) frontage of each home. The average annual assessment per home for Fiscal Year 2010-2011 will be \$460.62. This is an increase of \$9.92 over last fiscal year due to an increase in the annual maintenance contract. The attached Engineer's Report identifies the properties to be assessed and the annual assessment for each property.

At their meeting of June 23, 2010, the City Council approved the Preliminary Engineer's Report for Natasha Lane Sewer Pump Station and Storm Drain Pump Station within Assessment District No. 2005-2 and set the public hearing for July 14, 2010 to confirm the Fiscal Year 2010-2011 annual assessment of levies.

At this public hearing the City Council is requested to, barring a majority protest, adopt a resolution confirming the Engineer's Report, Assessment diagram for Assessment District No. 2005-2, and the Fiscal Year 2010-2011 annual assessment for the Natasha Lane Sewer Pump Station and Storm Drain Pump Station.

RECOMMENDATION: Based on the City Engineer's report dated July 14, 2010 move to adopt the Resolution confirming the Engineer's Report, the Assessment Diagram for Assessment District No. 2005-2, and the levying of the Fiscal Year 2010-11 assessments for the Natasha Lane Sewer Pump Station and Storm Drain Pump Station on assessable lots and parcels of land in the District.

14. PUBLIC HEARING: CONSIDERATION OF ADOPTION OF A RESOLUTION CONFIRMING THE ENGINEER'S REPORT, ASSESSMENT DIAGRAM AND FY 2010-11 ASSESSMENT FOR NATASHA LANE LANDSCAPE DISTRICT NO. 2005-1

COMMENT: Natasha Lane is a twenty-unit housing development located near the intersection of Whittier Boulevard and Bluff Road. As part of the development, new landscaping was installed on both sides of Natasha Lane and along the frontage of the property facing Whittier Boulevard as well as the rear portion of the property. The City is responsible for the maintenance of this landscaping. To offset the costs, each home is annually assessed a portion of the total costs for the landscape maintenance on the length of the street in front of each home. The average annual assessment per home for Fiscal Year 2010-2011 will be \$559.45, which is \$139.85 less than the average annual assessment for 2009-2010. The attached Engineer's Report identifies the properties to be assessed and the annual assessment for each property.

At their meeting of June 23, 2010, the City Council approved the preliminary Engineer's Report and Assessment Diagram for Natasha Lane Landscape Assessment District No. 2005-1 and set the public hearing for July 14, 2010 to confirm the Fiscal Year 2010-2011 annual assessment levies.

At this public hearing, the City Council is requested to, barring a majority protest, adopt a resolution confirming the Engineer's Report, Assessment Diagram and the Fiscal Year 2010-2011 annual assessments for the Natasha Lane Landscape Assessment District No. 2005-1.

RECOMMENDATION: Based on the City Engineer's report dated July 14, 2010, move to adopt the resolution confirming the Engineer's Report, the Assessment Diagram for Assessment District No. 2005-1, and authorize the levying of the Fiscal Year 2010-11 assessments for the Natasha Lane Landscape Assessment District.

NEW BUSINESS

15. APPROVAL OF A LOAN AGREEMENT BETWEEN CITY OF MONTEBELLO ("CITY") AND THE MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY ("CRA/Agency") FOR AMOUNTS PREVIOUSLY ADVANCED BY THE CRA TO THE CITY

COMMENT: During the course of reviewing and preparing the current year's budget, it was discovered that in order to meet City operational needs, staff was transferring funds from the CRA to support the needs of the City's general fund. There was no prior approval of these transactions by the City Council or the Board Members to the CRA. In past years, the City has issued Tax Revenue Anticipation Notes (commonly known as "TRANS") to cover the cash flow needs of the City while the City awaits payment of tax revenues (sales tax, property tax, gas

fund revenues and similar revenues) from other governmental agencies. However, due to the fact that the City did not issue a TRANS this past year, staff has engaged in a borrowing of Agency funds to fill this temporary revenue gap.

California Redevelopment Law permits the use of CRA funds for specific purposes, but the primary goal and objective of a redevelopment agency is to eliminate blight. While the transaction of transferring funds from the Agency accounts to the City's general fund was intended to avoid significant impacts upon city services, which could, if unattended or eliminated, create blight, the steps of approval and findings necessary to implement such action were performed by prior staff without the knowledge or consent of the City Council, the Agency Board Members or to the City Attorney/Agency General Counsel.

After such circumstances came to light, and while findings could be made to determine that the use of CRA funds for certain limited City services would assist in avoiding blight and therefore be a permitted use of Agency funds, the City Attorney/Agency General Counsel has recommended that such a transaction be memorialized through a loan between the City and the Agency. The documents presented create this loan between the CRA and the City. The resolution also sets forth the findings which support the use of Agency funds for the purposes of this loan to the City.

RECOMMENDATION: Based on the staff report dated July 14, 2010, staff recommends that the City Council and the Redevelopment Agency approve the loan between the City and the CRA and approve the resolution making the required findings consistent with California law.

16. ORDINANCE PROHIBITING CONTACTS BETWEEN BIDDERS AND CITY COUNCIL

COMMENT: Recently, there have been allegations that the City of Montebello (the "City") has become known as a "pay to play city" for vendors or contractors to be awarded contracts by the City. In order to alleviate the concerns of residents and battle these allegations, the City desires to adopt an ordinance that would insulate members of the City Council from politicizing the bidding process for equipment and supplies, Request for Proposal ("RFP") process and Request for Statements of Qualifications ("RFSQ") process.

Therefore, Sections 3.20.140 and 3.21.090 will attempt to allay these allegations by prohibiting contact by bidders and potential bidders during the bidding, RFP, or RFSQ processes. Section 3.20.140 addresses contracts for supplies and equipment when a formal contract procedure is required. Section 3.21.090 addresses contracts for professional or special services.

Under both code sections, contact would be prohibited with members of the City Council once the notice of inviting bids is published. If a vendor violates either section, he and his employer would be disqualified from the bidding or RFP process.

Consequently, a violation would occur if a vendor attempts to contact a member of the City Council during the RFP or public bidding process if the vendor has submitted a bid or RFP or intends to submit a bid or RFP.

RECOMMENDATION: Based on the City Attorney's report dated July 14, 2010, move to adopt "AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO, CALIFORNIA ADOPTING SECTIONS 3.20.140 AND 3.21.090 OF THE MONTEBELLO MUNICIPAL CODE RELATING TO PROHIBITING CONTACT WITH THE CITY COUNCIL DURING THE BIDDING PROCESS."

CONSENT CALENDAR

17. ORDINANCE AMENDING SECTION 2.60.100 OF THE MONTEBELLO MUNICIPAL CODE RELATING TO NON-CLASSIFIED NON-MANAGEMENT POSITIONS (ADMINISTRATIVE SERVICES TECHNICIAN)

RECOMMENDED ACTION: Move to adopt the ordinance.

18. RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING WITH THE MONTEBELLO CITY EMPLOYEES ASSOCIATION FOR THE 2010-2011 FISCAL YEAR

RECOMMENDED ACTION: Move to adopt the resolution.

19. RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING WITH THE MONTEBELLO POLICE MANAGEMENT ASSOCIATION FOR THE TERM JULY 1, 2010 THROUGH DECEMBER 31, 2011

RECOMMENDED ACTION: Move to adopt the resolution.

20. RESOLUTION ESTABLISHING MODIFICATIONS TO TERMS AND CONDITIONS OF EMPLOYMENT AFFECTING DESIGNATED FULL-TIME NON-REPRESENTED EMPLOYEES

RECOMMENDED ACTION: Move to adopt the resolution.

21. APPROVAL OF MINUTES: REGULAR SESSION OF JANUARY 13 AND JANUARY 27, 2010

RECOMMENDED ACTION: Move to adopt said minutes.

22. PAYMENT OF BILLS: RESOLUTION APPROVING THE WARRANT REGISTER OF DEMANDS DATED: JULY 14, 2010

RECOMMENDED ACTION: Move to adopt the resolution.

23. MONTHLY INVESTMENT REPORT: JUNE 2010

RECOMMENDED ACTION: Move to note and file said report.

ORAL COMMUNICATIONS (Continued, if necessary)

ADJOURNMENT

EXHIBIT B

REGULAR MEETING AGENDA

**COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA¹
Wednesday, JULY 14, 2010 - 5:30 P.M.**

AGENCY MEMBERS

**WILLIAM M. MOLINARI
CHAIRMAN**

**ART BARAJAS
VICE CHAIRMAN**

**FRANK A. GOMEZ
MEMBER**

**ALBERTO PEREZ
MEMBER**

**CHRISTINA CORTEZ
MEMBER**

**AGENCY TREASURER
NORMA M. LOPEZ**

**AGENCY SECRETARY
ROBERT J. KING**

AGENCY STAFF

**EXECUTIVE DIRECTOR
Randy E. Narramore**

**AGENCY COUNSEL
Arnold Alvarez-Glasman**

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Chairman Molinari
2. **ROLL CALL:** Secretary King
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the Redevelopment Agency on any agenda item or topic must fill out a form provided at the door, and turn it in to the prior to the beginning of Oral Communications. A form does not need to be submitted for public hearing items. This also includes any request for Public Oral Communications on items listed for Closed Session prior to the Agency recessing into Closed Session.

Speakers wishing to address the Redevelopment Agency on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under "Oral Communications - Continued" after all scheduled matters have been considered.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Further, in accordance with state law, the Redevelopment Agency may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Chairman.

**IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE, ALL
CELL PHONES AND PAGERS. THANK YOU FOR YOUR COOPERATION.**

¹ In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Building Official at 323/887-1497. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II)

PUBLIC ORAL COMMUNICATIONS (30 MINUTE TIME LIMIT)

4. **APPROVAL OF AGENDA:** Any items an Agency Member wishes to discuss should be designated at this time. All other items with the EXCEPTION OF ANY ITEM UPON WHICH AN AGENCY MEMBER OR A MEMBER OF THE PUBLIC HAS REQUESTED TO SPEAK, may be approved in a single motion as recommended by the Executive Director.

UNFINISHED BUSINESS

5. **APPROVAL OF A LOAN AGREEMENT BETWEEN CITY OF MONTEBELLO ("CITY") AND THE MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY ("CRA/Agency") FOR AMOUNTS PREVIOUSLY ADVANCED BY THE CRA TO THE CITY**

COMMENT: See City Council Agenda Item No. 28.

RECOMMENDATION: Based on the staff report dated July 14, 2010, move to approve the loan between the City and the CRA and approve the resolution making the required findings consistent with California law.

CONSENT CALENDAR

6. **MONTHLY INVESTMENT REPORT: JUNE 2010**

RECOMMENDED ACTION: Move to note and file said report.

ORAL COMMUNICATIONS (CONTINUED IF NECESSARY)

ADJOURNMENT

EXHIBIT C

AGREEMENT 2659

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is entered into this 14th day of July 2010 by and between the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of California ("Lender"), and the CITY OF MONTEBELLO, a municipal corporation ("Borrower"). Lender and Borrower are collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Lender has advanced certain funds in the possession of the Lender to and on behalf of Borrower for the purpose of paying for and maintaining essential services and operations of the Borrower which benefit the Lender and the goals and objectives of the Lender; and

WHEREAS, the Borrower's use of such funds will specifically benefit the urbanized area of land within and outside the Lender's project areas. That such activities engaged in by the Borrower through the utilization of the funds provided by the Lender will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Lender; and

WHEREAS, without the use of the funds by the Borrower, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the Lender will receive substantial benefit from this loan in that the Borrower will be able to avoid and continue the elimination of blighted conditions within the project areas of the Lender and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meeting the goals and objectives of California Redevelopment law.

NOW, THEREFORE, the Parties do hereby agree as follows:

SECTION 1. THE LOAN

Subject to the terms and conditions of this Agreement, Lender agrees to make and disburse the Loan to Borrower. The "Loan" means the loan evidenced by the Promissory Note (the "Note") in the principal amount not to exceed Eight Million Dollars (\$8,000,000.00) made by Borrower, as maker, and payable to the order of Lender, as payee, which evidences the Loan. Borrower shall repay the Loan in accordance with the terms of the Note.

SECTION 2. DISBURSEMENT

Lender has previously disbursed and Borrower acknowledges receipt from Lender the amount of \$1,800,000.00 and anticipates additional amounts to be borrowed as needed in an amount not to exceed Eight Million and 00/100 Dollars (\$8,000,000.00).

SECTION 3. CONDITIONS

Lender's obligation to make the Loan available to Borrower is subject to Borrower's agreement with the following conditions:

3.1 **Repayment of Funds.** Upon receipt of applicable general fund revenues, including but not limited to sales tax, property tax, gas tax and other similar taxes or revenues, the Borrower shall pay to the Lender those amounts borrowed and received as deemed appropriate by the City Administrator/Executive Director and the Finance Director for the efficient operation of the respective entities of the Lender and Borrower.

3.2 **Annual Report.** Borrower shall make an annual report to Lender setting forth the status of funds available from General Fund surplus revenues or real property sale proceeds, and the status of such other matters as reasonably requested by Lender.

3.3 **Five-year Review.** Borrower agrees to meet with Lender upon the fifth anniversary of this Agreement and on every fifth year thereafter until the Loan is fully repaid, to review Lender's progress with regard to the status of the Promissory Note.

SECTION 4. TERMINATION

This Agreement and its terms and conditions contained herein shall terminate upon full repayment of the Loan to Lender.

SECTION 5. GENERAL PROVISIONS

5.1 This Agreement shall be governed by and construed in accordance with the laws of the United States of America, and the State of California.

5.2 The waiver by one Party of any term or condition of this Agreement, or any breach thereof, shall not be construed to be a general waiver by said Party or as a waiver of any other term or breach.

5.3 Should any litigation be commenced between the Parties hereto enforce or interpret the provisions of this Agreement, the prevailing party in such litigation shall be entitled to recover a reasonable sum as attorney's fees and court or other litigation costs, in addition to any other relief to which the party may be entitled in law or equity.

5.4 The provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns, as may be applicable.

WHEREFORE, the parties agree to these terms and conditions on the date first written above.

CITY OF MONTEBELLO
BORROWER

William M. Molinari
William M. Molinari
Mayor

ATTEST:

Robert J. King
Robert J. King, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
Arnold M. Alvarez-Glasman
City Attorney

COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
MONTEBELLO
LENDER

William M. Molinari
William M. Molinari
Chairman

EXHIBIT D

RESOLUTION NO. 18-41

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO ("CITY") APPROVING AND AUTHORIZING THE EXECUTION OF THE LOAN AGREEMENT AND PROMISSORY NOTE BY AND BETWEEN THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO ("AGENCY") AND THE CITY AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Community Redevelopment Development Agency of the City of Montebello (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plans for the various project areas in the City of Montebello ("City"); and

WHEREAS, Agency has advanced certain funds in the possession of the Agency to aid on behalf of the City for the purpose of paying for and maintaining essential services and operations of the City which benefit the Agency and the goals and objectives of the Agency; and

WHEREAS, the City's use of such funds will specifically benefit the urbanized area of land within and outside the Agency's project areas. That such activities engaged in by the City through the utilization of the funds provided by the Agency will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Agency; and

WHEREAS, without the use of the funds by the City, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the City will receive substantial benefit from this loan in that the City will be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meeting the goals and objectives of California Redevelopment law and the Agency; and

WHEREAS, the City has duly considered all terms and conditions of the proposed Loan Agreement and Promissory Note and believes and hereby finds that borrowing the funds loaned by the Agency is in the best interests of the City of Montebello and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Montebello as follows:

Section 1. The City finds and determines that, based upon substantial evidence provided in the record before it and the consideration for entering into the Loan Agreement and Promissory Note pursuant to the terms and conditions therein is in the best interests of the City and the City approves the Loan borrowing from the Agency an amount not to exceed Eight Million and 00/100 Dollars (\$8,000,000.00).

Section 2. The City hereby finds and determines that by taking such action, the City and Agency will receive substantial benefit from this loan in that the Agency be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meeting the goals and objectives of California Redevelopment law which will also directly benefit the goals and objectives of the City.

Section 3. The City hereby approves the Loan Agreement and Promissory Note and authorizes and directs the Mayor to execute the documents on behalf of the City in the form as

presented in Exhibit A. A copy of the Loan Agreement and Promissory Note when executed shall be placed on file in the office of the City Clerk. The City Administrator, or his designee, is authorized to implement the Loan Agreement and Promissory Note and take all future further actions which are necessary or appropriate to carry out the Loan Agreement and/or Promissory Note.

Section 4. The City Clerk shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this ___ day of July, 2010.



William M. Molinari
William Molinari, Mayor

ATTEST:

Robert J. King (ly)
Robert J. King, City Clerk,

I, ROBERT J. KING, CITY CLERK of the City of Montebello do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Montebello at a regular meeting hereof, held on the 23rd day of June, 2010 by the following vote:

AYES: BARAJAS, GOMEZ, MOLINARI

NOES: CORTES, PEREZ

ABSENT:

ABSTAIN:

Robert J. King
Robert J. King, City Clerk

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman
Arnold M. Alvarez-Glasman
City Attorney

EXHIBIT E

RESOLUTION NO. 18-03

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTERELLO ("AGENCY") APPROVING AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT AND PROMISSORY NOTE BY AND BETWEEN THE AGENCY AND THE CITY OF MONTERELLO ("CITY") AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, Agency has advanced certain funds in the possession of the Agency to and on behalf of City for the purpose of paying for and maintaining essential services and operations of the City which benefit the Agency and the goals and objectives of the Agency; and

WHEREAS, the City's use of such funds will specifically benefit the urbanized area of land within and outside the Agency's project areas. That such activities engaged in by the City through the utilization of the funds provided by the Agency will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Agency; and

WHEREAS, without the use of the funds by the City, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the Agency will receive substantial benefit from this loan in that the Agency will be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meets the goals and objectives of California Redevelopment law; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Loan Agreement and Promissory Note and believes and hereby finds that the transactions set forth therein are in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Monterello as follows:

Section 1. The Agency finds and determines that, based upon substantial evidence provided in the record before it and the consideration for entering into the Loan Agreement and Promissory Note pursuant to the terms and conditions therein is in the best interests of the Agency and the Agency approves the Loan to the City in an amount not to exceed Eight Million and 00/100 Dollars (\$8,000,000.00).

Section 2. The Agency hereby finds and determines that by taking such action, the Agency will receive substantial benefit from this loan in that the Agency be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meeting the goals and objectives of California Redevelopment law.

Section 3. The Agency hereby finds and determines that the Agreement is consistent with the provisions and goals of the Agency's Redevelopment Plan.

Section 4. The Agency hereby approves the Loan Agreement and Promissory Note and authorizes and directs the Chairman of the Agency to execute the documents on behalf of the Agency in the form as presented in Exhibit A. A copy of the Loan Agreement and Promissory Note when executed shall be placed on file in the office of the Agency Secretary/City Clerk. The

Executive Director of the Agency, or his designee, is authorized to implement the Loan Agreement and Promissory Note and take all future further actions which are necessary or appropriate to carry out the Loan Agreement and/or Promissory Note.

Section 5. The Agency Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 14 day of July, 2010.

William M. Molinari
William M. Molinari
Chairman

ATTEST:

Robert J. King (lg)
Agency Secretary, Robert J. King

I, ROBERT J. KING, HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Community Redevelopment Agency of the City of Montebello at a regular meeting hereof, held on the 23rd day of June, 2010 by the following vote:

AYES: Barajas, Gomez, Molinari

NOES: CORREA, PEREZ

ABSENT:

ABSTAIN:

Robert J. King

Agency Secretary
Robert J. King

APPROVED AS TO FORM:

Arnold M. Alvarez-Glasman

Arnold M. Alvarez-Glasman
Agency General Counsel

EXHIBIT F

PROMISSORY NOTE

June 23, 2010
Montebello, California

Not to exceed \$8,000,000

FOR VALUE RECEIVED, the undersigned THE CITY OF MONTEBELLO, a municipal corporation ("Maker"), located at 1600 West Beverly Boulevard, Montebello, California, promises to pay to the order of the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of the State of California ("Payee"), the principal sum in an amount not to exceed Eight Million Dollars (\$8,000,000.00), or such amount as may from time to time be disbursed, pursuant to the terms of this Promissory Note ("Note").

1. Payment of Principal Sum. Maker is obligated to pay the principal amount under the following conditions, whichever may occur first, and pursuant to the following terms:
 - (a) Payment from General Fund: Quarterly during each fiscal year, the Maker shall pay to Payee General Fund revenues received from other governmental agencies as deemed appropriate by the City Administrator/Executive Director and the Finance Director for the efficient operation of the respective entities of the Maker and Payee.
 - (b) Payment from the sale of City Property: At such time that the Maker sells any surplus real property, Maker shall pay to Payee an amount not to exceed twenty-five percent (25%) of the net sales proceeds from each sale of surplus property.
 - (c) Balloon Payment: If after ten (10) years from the date of this Note, the Maker has any outstanding principle due and owing to Payee, Maker shall pay all amounts then due Payee in a lump sum amount of the then outstanding balance. Nothing contained herein shall prohibit the Payee from extending the term of this Note or from forgiving the then principle amount due, if California law permits such forgiveness.
2. Interest. This is a non-interest bearing Note.
3. Loan Documents. The loan evidenced by this Note is being disbursed and otherwise governed in accordance with the Loan Agreement dated as of the date of this Note entered into by and between Maker and Payee.

CITY OF MONTEBELLO
Maker


William M. Molinari
Chairman

EXHIBIT G

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT ("Agreement") is entered into this 22nd day of September 2010 by and between the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of California ("Lender"), and the CITY OF MONTEBELLO, a municipal corporation ("Borrower"). Lender and Borrower are collectively referred to herein as the "Parties."

RECITALS

WHEREAS, Lender has advanced certain funds in the possession of the Lender to and on behalf of Borrower for the purpose of paying for and maintaining essential services and operations of the Borrower which benefit the Lender and the goals and objectives of the Lender; and

WHEREAS, the Borrower's use of such funds will specifically benefit the urbanized area of land within and outside the Lender's project areas. That such activities engaged in by the Borrower through the utilization of the funds provided by the Lender will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Lender; and

WHEREAS, without the use of the funds by the Borrower, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the Lender will receive substantial benefit from this loan in that the Borrower will be able to avoid and continue the elimination of blighted conditions within the project areas of the Lender and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities directly meeting the goals and objectives of California Redevelopment law; and

WHEREAS, pursuant to Government Code Section 53850 et seq. a City, including the Borrower, and other municipal public corporations, including the Lender, may engage in short term temporary borrowing, and a Redevelopment Agency, including the Lender, in addition to other powers authorized by law, may invest any money in securities in which savings banks may legally invest money subject to their control; and

WHEREAS, the Lender and Borrower enter into this Agreement to amend and restate the terms of a prior Loan Agreement entered by and between the Parties and that the terms contained in this Agreement shall supersede and govern the terms of the loan between the Parties.

NOW, THEREFORE, the Parties do hereby agree as follows:

SECTION 1. THE LOAN

Subject to the terms and conditions of this Agreement, Lender agrees to make and disburse the Loan to Borrower. The "Loan" means the loan evidenced by the Promissory Note (the "Note") in the principal amount not to exceed Nineteen Million, Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00) made by Borrower, as maker, and payable to the order of Lender, as payee, which evidences the Loan. Borrower shall repay the Loan in accordance with the terms of the Note. This temporary borrowing is being authorized and approved pursuant to and consistent with the provisions of California Government Code Section 53850, et seq.

SECTION 2. DISBURSEMENT

Lender will disburse funds to Borrower as requested by the Borrower and as needed to fulfill the goals and objectives of this Amended and Restated Loan Agreement in an amount not to exceed Nineteen Million Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00).

SECTION 3. CONDITIONS

Lender's obligation to make the Loan available to Borrower is subject to Borrower's agreement with the following conditions:

3.1 Repayment of Funds. Borrower pledges any taxes, income, revenue, cash receipts or other moneys of the Borrower to the payment of the Note and upon receipt of applicable general fund revenues, including but not limited to sales tax, property tax, gas tax and other similar taxes, income, revenues, cash receipts or other moneys of the Borrower, the Borrower shall pay to the Lender those amounts borrowed and received as deemed appropriate by the City Administrator/Executive Director and the Finance Director for the efficient operation of the respective entities of the Lender and Borrower.

3.2 Annual Report. Borrower shall make an annual report to Lender setting forth the status of funds available from the General Fund, including any taxes, income, revenue, cash receipts or other moneys of the Borrower, and the status of such other matters as reasonably requested by Lender.

3.3 Maturity. Borrower shall repay to Lender all amounts borrowed on or before June 30, 2011 or no later than fifteen months from the approval of this Agreement and the Promissory Note, provided however, that when such Promissory Note is paid only revenue received or accrued during the fiscal year 2010-11.

SECTION 4. TERMINATION

This Agreement and its terms and conditions contained herein shall terminate upon full repayment of the Loan to Lender.

SECTION 5. GENERAL PROVISIONS

5.1 This Agreement shall be governed by and construed in accordance with the laws of the United States of America, and the State of California.

5.2 The waiver by one Party of any term or condition of this Agreement, or any breach thereof, shall not be construed to be a general waiver by said Party or as a waiver of any other term or breach.

5.3 Should any litigation be commenced between the Parties hereto to enforce or interpret the provisions of this Agreement, the prevailing party in such litigation shall be entitled to recover a reasonable sum as attorney's fees and court or other litigation costs, in addition to any other relief to which the party may be entitled in law or equity.

5.4 The provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and assigns, as may be applicable.

5.5 This Agreement shall supersede and govern the terms and conditions by and between the Parties and shall control in lieu of the Loan Agreement entered into between the Parties, dated July 14, 2010. Upon the execution of this Agreement, the prior Loan Agreement dated July 14, 2010 shall be cancelled and of no force or effect.

WHEREFORE, the parties agree to these terms and conditions on the date first written above.

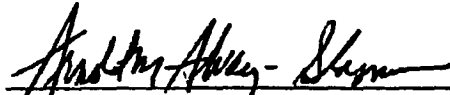
CITY OF MONTEBELLO
BORROWER

William M. Molinari
William M. Molinari
Mayor

ATTEST:

Robert J. King
Robert J. King, City Clerk

APPROVED AS TO FORM:



Arnold M. Alvarez-Glasman
City Attorney

COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO
LENDER



William M. Molinari
Chairman

EXHIBIT H

PROMISSORY NOTE

September 22, 2010
Montebello, California

Not to exceed \$19,300,000

FOR VALUE RECEIVED, the undersigned THE CITY OF MONTEBELLO, a municipal corporation ("Maker"), located at 1600 West Beverly Boulevard, Montebello, California, promises to pay to the order of the MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY, a public body, corporate and politic, created pursuant to the laws of the State of California ("Payee"), the principal sum in an amount not to exceed Nineteen Million Three Hundred Thousand and 00/100Dollars (\$19,300,000.00), or such amount as may from time to time be disbursed, pursuant to the terms of this Promissory Note ("Note").

1. Payment of Principal Sum. Maker is obligated to pay the principal amount under the following conditions, whichever may occur first, and pursuant to the following terms:
 - (a) Payment from General Fund: Quarterly during each fiscal year, the Maker shall pay to Payee such amounts as deemed appropriate by the City Administrator and the Finance Director from General Fund revenues, including but not limited to any taxes, income, revenue, cash receipts or other moneys of the Maker received.
 - (b) Payment from the sale of City Property: At such time that the Maker sells any surplus real property, Maker shall pay to Payee an amount not to exceed twenty-five percent (25%) of the net sales proceeds from each sale of surplus property.
 - (c) Balloon Payment: On June 30, 2011, Maker shall pay to Payee all amounts still outstanding and owing which have not been previously paid at the quarterly payments as set forth in subparagraph 1(a), above. Notwithstanding the foregoing sentence, the Maker shall be permitted to pay Payee all amounts then due and owing on June 30, 2011, on or before the date not later than 15 month from the date of this Note, provided the revenues used to repay this Note shall only be from funds received or accrued during the fiscal year 2010-11.
2. Interest. This is a non-interest bearing Note.
3. Loan Documents. The loan evidenced by this Note is being disbursed and otherwise governed in accordance with the Amended and Restated Loan Agreement dated as of the date of this Note entered into by and between Maker and Payee.
4. Temporary Borrowing. This Note is being entered into and shall be governed by California Government Code Section 53850, et seq.
5. Termination and Cancellation of All Previous Notes. Upon the execution of this Note and except for the continuing obligation to repay such amounts, all previous note(s) entered into between the Parties shall be terminated and cancelled. All debt or obligations incurred by the Maker to the Payee through any previous borrowing and the amounts owed thereunder shall be incorporated into and be governed by this Note and terms herein.

CITY OF MONTEBELLO
Maker

William M. Molinari
William M. Molinari
Mayor

EXHIBIT H, PAGE 54

EXHIBIT I

RESOLUTION NO. 10-57

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTEBELLO ("CITY") APPROVING AND AUTHORIZING THE EXECUTION OF THE AMENDED AND RESTATED LOAN AGREEMENT AND PROMISSORY NOTE BY AND BETWEEN THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO ("AGENCY") AND THE CITY AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Community Redevelopment Agency of the City of Montebello (the "Agency") is engaged in activities necessary to carry out and implement the Redevelopment Plans for the various project areas in the City of Montebello ("City"); and

WHEREAS, Agency has advanced certain funds in the possession of the Agency to and on behalf of the City for the purpose of paying for and maintaining essential services and operations of the City which benefit the Agency and the goals and objectives of the Agency; and

WHEREAS, the City's use of such funds will specifically benefit the urbanized area of land within and outside the Agency's project areas. That such activities engaged in by the City through the utilization of the funds provided by the Agency will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Agency; and

WHEREAS, without the use of the funds by the City, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the City and Agency will receive substantial benefit from this loan in that the City will be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities directly meeting the goals and objectives of California Redevelopment law and the Agency; and

WHEREAS, the City has duly considered all terms and conditions of the proposed Amended and Restated Loan Agreement and Promissory Note and believes and hereby finds that borrowing the funds loaned by the Agency is in the best interests of the City of Montebello and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Montebello as follows:

Section 1. The City finds and determines that, based upon substantial evidence provided in the record before it and the consideration for entering into the Amended and Restated Loan Agreement and Promissory Note pursuant to the terms and conditions therein is in the best interests of the City and the City approves the Loan borrowing from the Agency an amount not to exceed Nineteen Million, Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00).

Section 2. The City hereby finds and determines that by taking such action, the City and Agency will receive substantial benefit from this loan in that the Agency be



able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meets the goals and objectives of California Redevelopment law which will also directly benefit the goals and objectives of the City.

Section 3. The City hereby approves the Loan Agreement and Promissory Note and authorizes and directs the Mayor to execute the documents on behalf of the City in the form as presented in Exhibit A. A copy of the Loan Agreement and Promissory Note when executed shall be placed on file in the office of the City Clerk. The City Administrator, or his designee, is authorized to implement the Loan Agreement and Promissory Note and take all future further actions which are necessary or appropriate to carry out the Loan Agreement and/or Promissory Note.

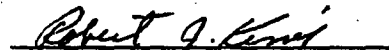
Section 4. The City Clerk shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 22 day of September, 2010.


William Molinari, Mayor



ATTEST:


Robert J. King, City Clerk

I, ROBERT J. KING, CITY CLERK of the City of Montebello do hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Montebello at a regular meeting hereof, held on the 22nd day of September, 2010 by the following vote:

AYES: Barajas, Gomez, Perez, Molinari

NOES: Cortez

ABSENT:

ABSTAIN:


Robert J. King, City Clerk

APPROVED AS TO FORM:



Arnold M. Alvarez-Glasman
City Attorney

EXHIBIT J

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO ("AGENCY") APPROVING AND AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED LOAN AGREEMENT AND PROMISSORY NOTE BY AND BETWEEN THE AGENCY AND THE CITY OF MONTEBELLO ("CITY") AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, Agency has advanced certain funds in the possession of the Agency to and on behalf of City for the purpose of paying for and maintaining essential services and operations of the City which benefit the Agency and the goals and objectives of the Agency; and

WHEREAS, the City's use of such funds will specifically benefit the urbanized area of land within and outside the Agency's project areas. That such activities engaged in by the City through the utilization of the funds provided by the Agency will directly assist in the elimination and avoidance of blight within the project areas formed and designated by the Agency; and

WHEREAS, without the use of the funds by the City, services such as street repair and maintenance, street lighting repair, graffiti removal and other infrastructure impacts would occur. These impacts would lead to circumstances which are so prevalent and substantial as to cause a reduction or lack of proper utilization of project area land to such an extent it would constitute a serious physical or economic burden on the community which cannot be expected to be reversed or alleviated by private enterprise or governmental action, or both; and

WHEREAS, the Agency will receive substantial benefit from this loan in that the Agency will be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meets the goals and objectives of California Redevelopment law; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Amended and Restated Loan Agreement and Promissory Note and believes and hereby finds that the transactions set forth therein are in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Montebello as follows:

Section 1. The Agency finds and determines that, based upon substantial evidence provided in the record before it and the consideration for entering into the Amended and Restated Loan Agreement and Promissory Note pursuant to the terms and conditions therein is in the best interests of the Agency and the Agency approves the Amended and Restated Loan to the City in an amount not to exceed Nineteen Million, Three Hundred Thousand and 00/100 Dollars (\$19,300,000.00).

Section 2. The Agency hereby finds and determines that by taking such action, the Agency will receive substantial benefit from this loan in that the Agency will be able to avoid and continue the elimination of blighted conditions within the project areas of the Agency and preserve the opportunity of circumstances which assist in the attraction and retention of business and commercial opportunities which directly meets the goals and objectives of California Redevelopment law.

Section 3. The Agency hereby finds and determines that the Agreement is consistent with the provisions and goals of the Agency's Redevelopment Plan.

Section 4. The Agency hereby approves the Amended and Restated Loan Agreement and Promissory Note and authorizes and directs the Chairman of the Agency to execute the documents on behalf of the Agency in the form as presented in Exhibit A. A copy of the Amended and Restated Loan Agreement and Promissory Note when executed shall be placed on file in the office of the Agency Secretary/City Clerk. The Executive Director of the Agency, or his designee, is authorized to implement the Amended and Restated Loan Agreement and Promissory Note and take all future further actions which are necessary or appropriate to carry out the provisions of the Amended and Restated Loan Agreement and/or Promissory Note.

Section 5. The Agency Secretary shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 22 day of September, 2010.

William M. Molinari
William M. Molinari
Chairman

ATTEST:

Robert J. King
Robert J. King
Secretary

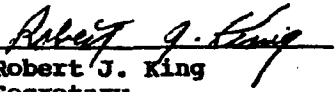
I, ROBERT J. KING, HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Community Redevelopment Agency of the City of Montebello at a regular meeting hereof, held on the 22nd day of September, 2010 by the following vote:

AYES: Barajas, Gomez, Perez, Molinari

NOES: Cortez

ABSENT:

ABSTAIN:


Robert J. King
Secretary

APPROVED AS TO FORM:

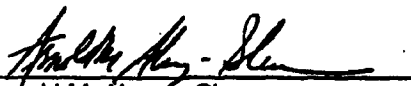

Arnold M. Alvarez-Glasman
Agency General Counsel

EXHIBIT K

REGULAR MEETING AGENDA

**MONTEBELLO CITY COUNCIL
CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA ^{1 (2)}
WEDNESDAY, SEPTEMBER 22, 2010 - 5:30 P.M.**

MONTEBELLO CITY COUNCIL

**WILLIAM M. MOLINARI
MAYOR**

**ART BARAJAS
MAYOR PRO TEM**

**FRANK A. GOMEZ
COUNCILMAN**

**ALBERTO PEREZ
COUNCILMAN**

**CHRISTINA CORTEZ
COUNCILWOMAN**

**CITY CLERK
ROBERT J. KING**

**CITY TREASURER
NORMA M. LOPEZ**

CITY STAFF

**INTERIM CITY ADMINISTRATOR
Peter A. Cosentini**

**CITY ATTORNEY
Arnold Alvarez-Glasman**

DEPARTMENT HEADS

Director of Finance -	Michael Tam
Director of Municipal Services -	Norma Salinas
Director of Personnel/Risk Management	Kevin Boylan
Director of Planning and Community Development-	Michael Huntley
Director of Transportation -	Aurora Jackson
Fire Chief -	James Ballard
Police Department -	Gregory Wilsey

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Mayor Molinari
2. **ROLL CALL:** City Clerk King
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS FOR CLOSED SESSION ITEMS:** Members of the public interested in addressing the City Council on Closed Session items must fill out a form provided at the door, and turn it in to the City Clerk prior to the announcement of Closed Session items.

¹⁽²⁾ Please note that the information contained in this agenda is a summary of the staff report prepared for each item. Complete copies of each staff report are available in the Office of the City Clerk.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Please be aware that in accordance with State Law, the City Council may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Mayor.

**IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE,
ALL CELL PHONES AND PAGERS.**

THANK YOU FOR YOUR COOPERATION.

ORAL COMMUNICATIONS ON CLOSED SESSION ITEMS

CLOSED SESSION - 5:30 PM

The City Attorney shall provide a briefing on the items listed for Closed Session as follows:

- 4. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**
(Pursuant to Government Code Section 54956.9(c))
One Case
- 4a. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**
(Pursuant to Government Code Section 54956.9(c))
One Case
- 5. THREAT TO PUBLIC SERVICES OR FACILITIES**
(Pursuant to Government Code Section 54957)
Discussion with Acting Chief of Police
- 6. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
(Pursuant to Govt. Code Section 54956.9(a))
Name of Case Pending: *Citizens for Open and Public Participation v. City of Montebello, et al.* (Los Angeles County Sup. Ct. Case No. BS124825)
- 7. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Pursuant to Govt. Code Section 54956.9(a)
Name of Case Pending: *Sevacherian v. All Persons Interested in the Matter of the Validity of a Loan Agreement, Dated July 14, 2010, and an Associated Promissory Note, Between the City of Montebello and the Community Redevelopment Agency of the City of Montebello, et al.* (Los Angeles County Sup. Ct. Case No. BC445364)
- 8. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
(Pursuant to subdivision (a) of Govt. Code Section 54956.9)
M. Torres v. City of Montebello, et. al.
- 9. CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello Firefighters Association
- 10. CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello Police Officers Association

11. **CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello Police Management
Association
12. **CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello Mid-Management Association
13. **CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello Bus Operators Association
14. **CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Montebello City Employees Association
15. **CONFERENCE WITH LABOR NEGOTIATORS**
(Pursuant to Govt. Code Section 54957.6)
Agency Representatives: Peter Cosentini/Richard Kreisler
Employee Organization/
Negotiating Party: Unrepresented Employees
16. **PUBLIC EMPLOYMENT**
(Pursuant to Govt. Code Section 54957)
Titles: Fire Chief
17. **CLOSED SESSION REPORT:** City Attorney
The City Attorney will report any action taken in Closed Session as required by
the Brown Act as found in the California Government Code.

REGULAR SESSION - 6:30 P.M.

18. **INVOCATION:** City Clerk King
19. **PLEDGE OF ALLEGIANCE:** Councilmember Gomez
20. **PRESENTATIONS**
- a. **INTRODUCTION OF NEW FIREFIGHTERS WHO RECENTLY COMPLETED PROBATION:**
- MICHAEL AGE, DREW DIPAOLO, PETER HECK, JASON MCMULLEN
- b. **MONTEBELLO AYSO VIP 10TH YEAR ANNIVERSARY AND MONTEBELLO AYSO 15TH ANNIVERSARY**
- c. **PRESENTATION BY CALIFORNIA HIGH SPEED RAIL AUTHORITY - PHASE I, FROM LOS ANGELES TO ANAHEIM**
- d. **PRESENTATION BY THE ALAMEDA CORRIDOR EAST CONSTRUCTION AUTHORITY**

21. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the City Council on any agenda item or topic must fill out a form provided at the door, and turn it in to the City Clerk prior to beginning Oral Communications. A form does not need to be submitted for public hearing items.

Speakers wishing to address the City Council on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under "Oral Communications - Continued" after all scheduled matters have been considered.

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PUBLIC ORAL COMMUNICATIONS ON OPEN SESSION ITEMS

COUNCIL ORALS

22. **COUNCILMEMBER CORTEZ**

- Budget

23. **MAYOR PRO TEM BARAJAS**

- All license fees
- Concerns at City Park

24. **COUNCILMEMBER GOMEZ**

- None

25. **COUNCILMEMBER PEREZ**

- Seeks consensus to have Council wear distinctive colored polo shirts with their names embroidered on the shirt

26. **MAYOR MOLINARI**

- Request for status of implementation of vacant lot ordinance
- Request for status of mixed used district for Whittier Boulevard corridor
- Consideration of Business Improvement District for Whittier Boulevard corridor

27. **STAFF COMMUNICATIONS ON ITEMS OF COMMUNITY INTEREST**

28. **APPROVAL OF AGENDA:** Any items a Councilmember wishes to discuss should be designated at this time. All other items may be approved in a single motion with the exception of ANY ITEM UPON WHICH A MEMBER OF THE PUBLIC OR A MEMBER OF THE CITY COUNCIL HAS REQUESTED TO SPEAK. Such approval will also waive the reading of any ordinance.

SCHEDULED MATTERS

29. **SELECTION OF CITY'S EXTERNAL AUDITOR**

COMMENT: The City is to contract with a qualified independent auditing firm to conduct the audits for fiscal years ending June 30, 2010, 2011, and 2012.

All firms that submitted proposals are qualified and experienced in auditing governmental agencies, and they have agreed to meet or exceed the City's audit specifications. The following submitted proposals:

- Dennis & Hart Accountancy Partners
- Rogers, Anderson, Malody & Scott, LLP
- Eadie and Payne, LLP
- R.J. Ricciardi, Inc.
- Vasquez & Company LLP

As a result of the evaluation process, staff concluded that the three firms with the most exposure and ability to perform the City's audit services at a reasonable cost are Eadie and Payne, LLP, Rogers, Anderson, Malody & Scott, LLP, and Dennis & Hart Accountancy Partners.

Although Dennis & Hart Accountancy Partners and Rogers, Anderson, Malody & Scott, LLP were the lowest bidder, it is staff's assessment that Eadie and Payne, LLP is better qualified to perform the annual audits.

RECOMMENDATION: Based on the Finance Department's report dated September 22, 2010, (1) move to approve the selection of Eadie and Payne, LLP as the City's external auditor to perform annual audits for fiscal years ending June 30, 2010 2011, 2012; and (2) move to instruct staff to prepare a contract with Eadie and Payne, LLP for the Mayor's signature. The audit fees will be as follows:

FY ending June 30, 2010	\$51,500
FY ending June 30, 2011	\$53,000
FY ending June 30, 2012	\$54,500

NEW BUSINESS

30. SIGNATURE AUTHORIZATION FOR TRANSPORTATION REVENUE

COMMENT: The Transportation Department has an approximate \$23 million operating budget and a rolling capital budget that varies from \$10 million to \$30 million. Approximately 75% of the Transportation Department's operating revenues are received from federal, state and local government. The remaining 25% of revenues are generated from the farebox or other private/public partnerships. Approximately 80% of the Transportation Department's capital revenues are received from the federal government. The remaining 20% of capital revenues are received from the State of California.

The City, on behalf of the Transportation Department, is required to enter into memorandum of understanding agreements that specify the use of revenues prior to receiving the funds. Traditionally, the City Administrator has signed all agreements on behalf of the City and all revenues received are indicated on the Transportation Department's annual budget. With the selection of a new Interim City Administrator, this appeared to be an appropriate time to formalize this process. Approval of this item will have no adverse impact on the General Fund.

RECOMMENDATION: Staff recommends that City Council authorize the City Administrator to sign memorandum of understanding agreements and any other required documents necessary to receive transportation revenue from federal, state, local or private entities.

31. REQUEST FOR APPROVAL TO USE GRANT FUNDS RECEIVED FROM THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG) AND WAIVE THE FORMAL BIDDING PROCESS

COMMENT: Over the past year, the Building Division, with the assistance of the former City's Grants Coordinator, had been working with the representatives of the U.S. Department of Energy and the U.S. Treasury on the application for grants under the Energy Efficiency and Conservation Block Grant (EECBG), which was a part of the

American Reinvestment and Recovery (ARRA) Program. The grant monies were restricted to only energy efficient projects.

In early May of this year, the Building Division received a notification that the City has been awarded grant funds in the amount of \$591,200; however, there was no mention of the timeframe to expend the monies. No matching funds are required, as the disbursements of the grant funds will take place while the projects are in progress.

Since the time of the award notification, the Building Division has developed projects that would be considered the best use of the monies and meet the requirements of the Grant Program. These projects include:

- replacing the existing 20 year old roof on the City Hall Building with a cool roof system with its insulating factors that would produce an approximate minimum energy consumption savings of at least 20% a year;
- replacing the existing 17 years old HVAC units that are not energy efficient and are due for replacement which would reduce the energy consumption of approximately 20% per year; and
- replacing the entire City Hall windows with double pane Low-E type glazing, if funding permits, which would reduce energy consumption by an approximate minimum of 10% per year.

The total energy conservation derived from the three projects combined would translate into an approximately 50% in the cost reduction for electricity. In addition to the savings of natural resources, these measures will reduce maintenance costs, thereby freeing a large percentage of the budget for other building maintenance projects where necessary. Additionally, this financial savings will enable the Building Division to continue pursuing other sustainable projects. Other than the availability of the grant monies, it is of noteworthy that Southern California Edison also has rebate programs available to the City for energy efficiency projects.

As required by the MMC, large scale projects would need to follow a formal bidding process. However, as stated earlier, the Building Division was recently notified of the fast approaching conclusion of the ARRA Program and given until September 30, 2010 to have a contractor in place to start working by that time; making it impractical to fulfill the MMC requirement without risking losing funding from this grant. For this reason, staff is requesting that the formal bidding procedures be waived based on the findings under Section 3.20.050C of the MMC that it would be impractical, useless or uneconomical in such instance to follow the procedures, and that the welfare of the public would be provided by dispensing of the same. A four/fifth vote is required to waive the formal bidding process.

In place of a formal bidding process, staff will be inviting reputable licensed contractors who have work experience with City's projects to submit their bids. These contractors are placed on the list of the Building Division for their high standard of performance and ability to routinely complete the projects within the budget.

RECOMMENDATION: Based on the Planning and Community Development Department's report dated September 22, 2010, move to (1) waive the formal bidding process based on the findings under Section 3.20.050C of the MMC; and (2) approve the use of \$591,200 grant funds to proceed with the proposed energy efficient projects to City Hall Building.

32. CONFLICT OF INTEREST CODE BIENNIAL UPDATE

COMMENT: The Political Reform Act (Government Code Section 87300) requires that the "code reviewing body," here, the City Council, adopt a Conflict of Interest Code for each of the local agencies within its jurisdiction and designate employee positions within each agency that should make disclosures of economic interests. Any position which makes or participates in making governmental decisions which may foreseeably have a material effect on his or her financial interest, should be designated in the Conflict of Interest Code. Agencies under the jurisdiction of the City Council are the

City and the Community Redevelopment Agency (CRA). It should be noted that other City officials, such as the City Council, City Administrator, City Attorney and Planning Commissioners are required to disclose economic interests under Government Code Section 87200, and not the City's Conflict of Interest Code.

Government Code Section 87306.5 requires that the City review its Conflict of Interest Codes biennially (even numbered years) to determine whether the Codes need to be revised or amended. City staff has reviewed the Codes and prepared amendments for the City Council's consideration. Upon review, it was determined that the City's Conflict of Interest Code would need to be amended, primarily due to changes in title, additions, and deletions to the City's Table of Organization. The CRA's Conflict of Interest Code also required amendments due to elimination of positions.

Recommended changes to the City's Conflict of Interest Code are as follows:

- Deletion of Administrative Assistant
- Deletion of Assistant Fire Marshal
- Deletion of the Assistant to the City Administrator
- Deletion of the Controller
- Deletion of the Director of Administrative Services
- Deletion of the Director of Community Services
- Deletion of the Director of Public Works
- Deletion of the Emergency Services Coordinator
- Deletion of the Manager of Strategic Planning and Intergovernmental Relations
- Deletion of the Risk Manager
- Deletion of the Senior Personnel Analyst
- Deletion of the Stores Supervisor
- Deletion of the Support Services Manager
- Addition of the Assistant City Administrator
- Addition of the Assistant Director of Transportation
- Addition of the Director of Finance
- Addition of the Director of Municipal Services
- Addition of the Fire Marshal
- Addition of the Transit Warehouse and Facilities

Recommended changes to the CRA's Conflict of Interest Code are as follows:

- Deletion of the Engineering Assistant/CRA
- Deletion of the Public Works Inspector/CRA

Biennial review of the Conflict of Interest Codes is required by law. There is no fiscal impact.

The City Attorney's Office has reviewed the Conflict of Interest Codes and amendments. It would be appropriate for the City Council to adopt a resolution updating the Conflict of Interest Code for the City of Montebello and a resolution updating the Conflict of Interest Code for the Community Redevelopment Agency of the City of Montebello. The next review will be conducted in 2012.

RECOMMENDATION: Based on the City Clerk's report dated September 22, 2010, move to adopt the resolution amending the Conflict of Interest Code for the City of Montebello in compliance with Government Code requirements.

33. APPROVAL OF AN AMENDED AND RESTATED LOAN AGREEMENT BETWEEN CITY OF MONTEBELLO ("CITY") AND THE MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY ("CRA/ AGENCY") FOR AMOUNTS ADVANCED BY THE CRA TO THE CITY FOR TEMPORARY CASH ADVANCES, PROMISSORY NOTE AND RESOLUTIONS RELATED THERETO

COMMENT: The City of Montebello and the Montebello Community Redevelopment Agency are two separate and distinct legal entities. Each body has certain powers and authority established by law. While redevelopment funds may be used for a variety of redevelopment purposes, it is the opinion of the Agency's General Counsel that the

unrestricted use of Agency funds for City general services would not be consistent with the permitted powers of the CRA.

Upon review of the current budgetary situation of the City and the Agency, the Interim City Administrator and the Finance Director are presenting an amended and restated Loan Agreement and Promissory Note which would increase the available funds from \$8 million to \$19.3 million. The City Attorney/CRA General Counsel is also recommending certain modifications to the Loan and Promissory Note to memorialize the short term borrowing intended by the original borrowing and this current Amended and Restated Loan Agreement and Promissory Note.

By creating a loan between the two bodies, the use of Agency funds will be on a short term basis and be consistent with the goals and objectives of the Agency. It is important to note, that if these Agency funds were not made available to the City, essential City services (graffiti removal, road repair, street lighting maintenance and other like services) would be impacted or eliminated. City infrastructure would be severely impacted and could lead to the creation of blight within the City (both inside and outside the Agency's project areas). By establishing this loan, the goal of eliminating or avoiding blight is being achieved, but the unrestricted use of Agency funds for City services is not being established on a permanent basis. The City will be legally obligated to repay the loan at a future date when the revenues from other agencies are paid to the City. Pursuant to Government Code Section 53854, the Promissory Note must be paid on or before June 30, 2011 or no later than 15 months from the approval of this item, but only from revenues received or accrued from fiscal year 2010-11.

RECOMMENDATION: Based on the Interim City Administrator's report dated September 22, 2010, move approve the Amended and Restated Loan and Promissory Note between the City and the CRA and approve the resolutions making the required findings consistent with California law.

CONSENT CALENDAR

34. RESOLUTION STATING THE CITY'S SUPPORT OF THE METROPOLITAN TRANSPORTATION AUTHORITY EASTSIDE TRANSIT CORRIDOR PHASE II (SR 60 LIGHT RAIL TRANSIT ALTERNATIVE)

RECOMMENDED ACTION: Move to adopt the resolution.

35. CLAIMS AGAINST THE CITY

RECOMMENDED ACTION: Move to **DENY** the following claims: Sylvester Leon in the amount of \$500,000.00; Montebello Unified School District in the amount of \$1,405.07; Robert M. Vokojevich in the amount of \$272.77; Michelle Palomares in an unknown amount; and Enrique Martinez in an unknown amount.

36. PAYMENT OF BILLS: RESOLUTION APPROVING THE WARRANT REGISTER OF DEMANDS DATED: SEPTEMBER 22, 2010

RECOMMENDED ACTION: Move to adopt the resolution.

37. APPROVAL OF MINUTES: REGULAR MEETING OF APRIL 28, 2010

RECOMMENDED ACTION: Move to note and file said minutes.

ORAL COMMUNICATIONS (Continued, if necessary)

ADJOURNMENT

EXHIBIT L

REGULAR MEETING AGENDA

**COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA¹
Wednesday, September 22, 2010 - 5:30 P.M.**

AGENCY MEMBERS

**WILLIAM M. MOLINARI
CHAIRMAN**

**ART BARAJAS
VICE CHAIRMAN**

**FRANK A. GOMEZ
MEMBER**

**ALBERTO PEREZ
MEMBER**

**CHRISTINA CORTEZ
MEMBER**

**AGENCY TREASURER
NORMA M. LOPEZ**

**AGENCY SECRETARY
ROBERT J. KING**

AGENCY STAFF

**INTERIM EXECUTIVE DIRECTOR
Peter A. Cosentini**

**AGENCY COUNSEL
Arnold Alvarez-Glasman**

OPENING CEREMONIES

1. **CALL MEETING TO ORDER:** Chairman Molinari
2. **ROLL CALL:** Secretary King
3. **STATEMENT OF PUBLIC ORAL COMMUNICATIONS:** Members of the public interested in addressing the Redevelopment Agency on any agenda item or topic must fill out a form provided at the door, and turn it in to the prior to the beginning of Oral Communications. A form does not need to be submitted for public hearing items. This also includes any request for Public Oral Communications on items listed for Closed Session prior to the Agency recessing into Closed Session.

Speakers wishing to address the Redevelopment Agency on an item that is not on the agenda will be called upon in the order that their speaker card was received. Those persons not accommodated during this thirty (30) minute period will have an opportunity to speak under "Oral Communications - Continued" after all scheduled matters have been considered.

Please be aware that the maximum time allotted for individuals to speak shall not exceed three (3) minutes per speaker. Further, in accordance with state law, the Redevelopment Agency may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Chairman.

**IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE, ALL
CELL PHONES AND PAGERS. THANK YOU FOR YOUR COOPERATION.**

PUBLIC ORAL COMMUNICATIONS ON OPEN AND CLOSED SESSION ITEMS

¹ In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Building Official at 323/887-1497. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II)

4. **APPROVAL OF AGENDA:** Any items an Agency Member wishes to discuss should be designated at this time. All items with the exception of Item No. 6 and all other items with the **EXCEPTION OF ANY ITEM UPON WHICH AN AGENCY MEMBER OR A MEMBER OF THE PUBLIC HAS REQUESTED TO SPEAK**, may be approved in a single motion as recommended by the Executive Director.

SCHEDULE MATTERS

5. **SELECTION OF AGENCY'S EXTERNAL AUDITOR**

COMMENT: SEE CITY COUNCIL AGENDA ITEM NO. 29

RECOMMENDATION: Based on the Finance Department's report dated September 22, 2010, move to (1) authorize staff to approve the selection of Eadie and Payne LLP as the Agency's external auditor to perform annual audits for fiscal years ending June 30, 2010, 2011, and 2012, and (2) move to instruct staff to prepare a contract with Eadie and Payne LLP for the Chairman's signature. The audit fees will be as follows:

FY ending June 30, 2010	\$5,900
FY ending June 30, 2011	6,000
FY ending June 30, 2012	6,100

NEW BUSINESS

6. **CONFLICT OF INTEREST CODE BIENNIAL UPDATE**

COMMENT: See City Council Agenda Item No.32

RECOMMENDATION: Based on the City Clerk's report dated September 22, 2010, move to adopt the resolution amending the Conflict of Interest Code for the Community Redevelopment Agency of the City of Montebello in compliance with Government Code requirements.

7. **ASSEMBLY BILL (AB)X4-26 COMPLIANCE ON SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND (SERAF) FOR FISCAL YEAR 2010-11**

COMMENT: Assembly Bill ABX4-26 was a "budget trailer bill" that was part of the State's legislation to balance their budget. This created a new "Supplemental Educational Revenue Augmentation Fund" (SERAF). Starting in 2009, this fund will take \$2.05 billion in tax increment from California redevelopment agencies over the next two fiscal years - \$1.7 billion in fiscal year 2009-10, and \$350 million in 2010-11. Per this legislation, the Agency has paid \$5,533,151 during fiscal year 2009-10 and an additional \$1,138,067 million in 2010-11. The California Redevelopment Association (CRA) filed suit on behalf of redevelopment agencies across the State to block the State from taking these funds. Unfortunately, this suit was unsuccessful.

Health and Safety Code Section 33690(c) allows a redevelopment agency, which makes a finding that insufficient monies are available to fund its SERAF obligation in fiscal years 2009-2010 or 2010-11, to borrow the required sum from its Low and Moderate Income Housing Fund. This action requires the adoption of a resolution confirming the finding. The Housing Fund has approximately \$9 million in available funds, which could be loaned for this purpose. Amounts borrowed must be repaid by June 30, 2015.

By creating a finding, the Agency will allow a loan from the Low-Moderate Housing Fund in the amount of \$6,671,218 to fulfill the mandatory SERAF payment. There is no requirement to pay interest on this loan. The loan will have to be repaid no later than June 30, 2015.

RECOMMENDATION: Based on the report dated September 22, 2010, move to (1) adopt the following resolution: A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO CALIFORNIA APPROVING THE USE OF LOW AND MODERATE INCOME FUNDS TO SATISFY THE SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND ALLOCATION AND MAKING FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33690(C), AND (2) appropriate \$6,671,218 from the Redevelopment Housing Fund.

8. **APPROVAL OF AN AMENDED AND RESTATED LOAN AGREEMENT BETWEEN CITY OF MONTEBELLO ("CITY") AND THE MONTEBELLO COMMUNITY REDEVELOPMENT AGENCY ("CRA/ AGENCY") FOR AMOUNTS ADVANCED BY THE CRA TO THE CITY FOR TEMPORARY CASH ADVANCES, PROMISSORY NOTE AND RESOLUTIONS RELATED THERETO**

COMMENT: See City Council Agenda Item No. 33

RECOMMENDATION: Based on the Interim City Administrator's report dated September 22, 2010, move to approve the Amended and Restated Loan and Promissory Note between the City and the CRA and approve the resolutions making the required findings consistent with California law.

ORAL COMMUNICATIONS (CONTINUED IF NECESSARY)

CLOSED SESSION

9. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
(Pursuant to Govt. Code Section 54956.9(a)
Name of Case Pending: *Sevacherian, et al. v. Community Redevelopment Agency of the City of Montebello* (Los Angeles County Sup. Ct. Case No. BC437787)
10. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
(Pursuant to Govt. Code Section 54956.9(a)
Name of Case Pending: *Citizens for Open and Public Participation v. City of Montebello, et al.* (Los Angeles County Sup. Ct. Case No. BS124825)
11. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION**
Pursuant to Govt. Code Section 54956.9(a)
Name of Case Pending: *Sevacherian v. All Persons Interested in the Matter of the Validity of a Loan Agreement, Dated July 14, 2010, and an Associated Promissory Note, Between the City of Montebello and the Community Redevelopment Agency of the City of Montebello, et al.* (Los Angeles County Sup. Ct. Case No. BC445364)

ADJOURNMENT

1 **PROOF OF SERVICE BY MAIL**

2 *Sevacherian v. All Persons Interested, et al.* LASC Case No. BC 445364 – [Consolidated
3 with Case No. BC 449895)

4 **STATE OF CALIFORNIA, COUNTY OF ORANGE**

5 I am employed by the law office of Rutan & Tucker, LLP in the County of Orange, State of
6 California. I am over the age of 18 and not a party to the within action. My business address is
7 611 Anton Boulevard, Fourteenth Floor, Costa Mesa, California 92626-1931.

8 On January 14, 2011, I served on the interested parties in said action the within:

9 **FIRST AMENDED VERIFIED COMPLAINT AND PETITION FOR WRIT OF**
10 **MANDATE SEEKING:(1) TO ENJOIN UNLAWFUL EXPENDITURES OF PUBLIC**
11 **FUNDS;(2) TO INVALIDATE LOAN AGREEMENTS AND PROMISSORY NOTES**
12 **BETWEEN THE CITY OF MONTEBELLO AND THE COMMUNITY**
13 **REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO; (3)**
14 **DECLARATORY RELIEF; AND (4) INJUNCTIVE RELIEF** by placing a true copy thereof
15 in sealed envelope(s) addressed as stated below:

16 Arnold M. Alvarez-Glasman, Esq.
17 Matthew M. Gorman, Esq.
18 David H. King, Esq.
19 ALVAREZ-GLASMAN & COLVIN
20 13181 Crossroads Parkway North
21 Suite 400 – West Tower
22 City of Industry, CA 91746

23 Attorneys for Defendants and Respondents
24 Telephone: 562-699-5500
25 Fax: 562-692-2244

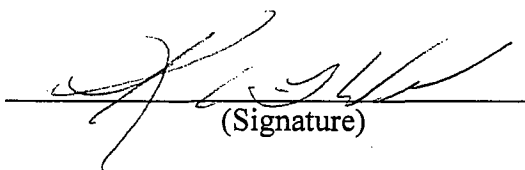
Raul F. Salinas, Esq.
ADORNO YOSS ALVARADO & SMITH
633 W. Fifth Street, Suite 1100
Los Angeles, CA 90071

Co-Counsel for Respondents/Defendants
Telephone: 213/229-2400
Fax: 213/229-2499
rsalinas@adorno.com

26 In the course of my employment with Rutan & Tucker, LLP, I have, through first-hand
27 personal observation, become readily familiar with Rutan & Tucker, LLP's practice of collection
28 and processing correspondence for mailing with the United States Postal Service. Under that
practice I deposited such envelope(s) in an out-box for collection by other personnel of Rutan &
Tucker, LLP, and for ultimate posting and placement with the U.S. Postal Service on that same day
in the ordinary course of business. If the customary business practices of Rutan & Tucker, LLP
with regard to collection and processing of correspondence and mailing were followed, and I am
confident that they were, such envelope(s) were posted and placed in the United States mail at
Costa Mesa, California, that same date. I am aware that on motion of party served, service is
presumed invalid if postal cancellation date or postage meter date is more than one day after date
of deposit for mailing in affidavit.

Executed on January 14, 2011, at Costa Mesa, California. I declare under penalty of
perjury under the laws of the State of California that the foregoing is true and correct.

Karen F. Wilson
(Type or print name)


(Signature)

1 Arnold M. Alvarez-Glasman (SBN 80095)
2 Matthew M. Gorman (SBN 214628)
3 Christopher G. Cardinale (SBN 274453)
4 **ALVAREZ-GLASMAN & COLVIN**
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6 **ALVARADOSMITH**
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9 Attorneys for Defendants/Respondents
10 CITY OF MONTEBELLO, COMMUNITY
11 REDEVELOPMENT AGENCY OF THE
12 CITY OF MONTEBELLO, WILLIAM M.
MOLINARI, ART BARAJAS, FRANK A. GOMEZ,
ALBERTO PEREZ, and CHRISTINA CORTEZ

13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**
15

16 ARA SEVACHERIAN, an individual,

17 Plaintiff and Petitioner,
18 vs.

19 ALL PERSONS INTERESTED IN THE
20 MATTER OF THE VALIDITY OF A
21 LOAN AGREEMENT, DATED JULY 14,
22 2010, AND AN ASSOCIATED
23 PROMISSORY NOTE, BETWEEN THE
24 CITY OF MONTEBELLO AND THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
MONTEBELLO, *et al.*

25 Defendants and Respondents.

(NO FEE - GOVERNMENT CODE SECTION 6103)

62
FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES

SEP 12 2011

John A. Clarke, Executive Officer/Clerk
By J. Binkley Deputy
TRACY BARILEY

Case No. BC445364

Judge: Hon. Michael L. Stern
Dept. 62

[Consolidated for all Proceedings with
LASC Case No. BC449895]

[PROPOSED] JUDGMENT OF DISMISSAL

ACTION FILED: September 10, 2010

26 The Motion for Judgment on the Pleadings filed by Defendants and Respondents the City of
27 Montebello, the Community Redevelopment Agency of the City of Montebello, William M.
28 Molinari, Art Barajas, Frank A. Gomez, Alberto Perez and Christina Cortez (collectively,

1 "Respondents") to the operative First Amended Verified Complaint and Petition for Writ of Mandate,
2 filed January 14, 2011, by Plaintiff and Petitioner Ara Sevacherian ("Petitioner"), having been granted
3 in its entirety;


4 IT IS ORDERED, ADJUDGED and DECREED that:

- 5 1. The action is dismissed with prejudice against Respondents.
- 6 2. Judgment is hereby entered in favor of Respondents and against Petitioner.
- 7 3. Petitioner shall recover nothing against Respondent.
- 8 4. Respondents are entitled to recover from Petitioner the costs of suit in this action.

9 Respondents may file a Memorandum of Costs.

10
11 DATE:

September 12, 2011


Hon. Michael L. Stern
Los Angeles Superior Court Judge

